

Modern Slavery and Human Trafficking Statement 2024
The London Metal Exchange and LME Clear Limited

Introduction from the CEOs of LME and LME Clear

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 combatting the risk of Modern Slavery (including slavery, servitude, forced and compulsory labour and human trafficking) taking place in our business 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 identify and reduce the risk of Modern Slavery within our supply chains.

Our 2023 review of our Modern Slavery Policy concluded that it continued to be fit for purpose and could continue to provide a suitable framework for developing our approach for dealing with Modern Slavery.

Internal Arrangements

We operate in accordance with policies related to equal opportunities and bullying & harassment,

and a policy related to migrant workers, which highlights our commitment to prevent illegal working in the UK.

LME and LME Clear operate internal pay bands aligned to external compensation data to ensure salaries are set at appropriate levels. All of our employees are paid above the minimum wage in all areas of the business. LME and LME Clear also publish an annual Gender Pay Gap report, available on the LME website, which aligns with our commitment to transparency in our efforts to bring greater gender equality to our business and the wider industry.

We also have a robust Grievance Policy and procedure alongside the Group Whistleblowing Policy to ensure that our staff can raise any form of concern – including to outside authorities – without fear of reprisal. Our third-party provided whistleblowing platform offers a secure and fully anonymous channel which provides additional comfort for any staff members who may wish to raise a disclosure without revealing their identity.

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 the 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 the LME can help influence change in areas not within our supply chain but which are part of the broader global market.

The LME announced its responsible sourcing requirements in October 2019, following a formal market-wide consultation on proposals underpinned by the Organisation for Economic Co-operation and Development Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Guidance). The purpose of the OECD Guidance is to help companies respect human rights and avoid contributing to conflict through their sourcing decisions. Additionally, as part of these requirements, the LME requires all brands to obtain ISO 14001 for environmental management and ISO 45001 for occupational health and safety management (or equivalent certifications).

The year 2023 marked a significant milestone for the LME's responsible sourcing efforts as 31 December 2023 was the final major deadline in the original policy for all brands to submit evidence of compliance. The LME marks this moment as a shift in the definition of the LME prices, which have now begun to reflect the requirements of responsible sourcing. In 2023, the LME also revised the policy and compliance documents following a consultation process, published the first set of summary statistics, and compiled the LME Responsible Sourcing Handbook as a resource for producers who are looking to comply with the LME's rules.

While the LME is proud of the steps it has taken to progress responsible sourcing standards within its market, ultimately the LME believes that additional progress may depend upon further industry consensus and agreed industry standards; the LME acknowledges this challenge and looks forward to ongoing collaboration with the industry for support, cooperation and progress.

To learn more about the responsible sourcing policy and implementation, please visit our website here: <https://www.lme.com/en/Company/Responsibility/Responsible-sourcing>.

Responsible Sourcing Charity Projects

The LME announced a funding partnership totalling US\$ 1.7 million with charities Pact and The Impact Facility in June 2021. The partnership supports two distinct multi-year projects aimed at tackling the worst forms of child labour in the mining communities of Zambia and the Democratic Republic of the Congo (DRC).

Following a comprehensive and well-received baseline study, Pact implemented a package of interventions including support for children to access education, social services and vocational training as part of the effort to reduce child labour in mining in Zambia. The LME's work with Pact concluded in 2023, with some of the interventions – such as the Child Protection Committees who regularly inspect mine sites for the worst forms of child labour – now being run by the local governments and community leaders. Over 100 students completed vocational training programmes funded by the LME and 465 women participated in the micro-finance programme that increased their capacity to cater to their Childrens' basic needs, including education and health.

The Impact Facility launched a school improvement project in the copper-cobalt belt of the DRC. The three-year project is designed to drive the reduction of child labour in mining by improving the quality of educational facilities. The work on three schools will be completed in 2024.

Due Diligence Process in LME and LME Clear'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 2023, we had no suppliers who presented a high risk of Modern Slavery and our overall supply chain risk continued to be low in relation to Modern Slavery.

We require all new suppliers to provide the LME and LME Clear with a copy of their Modern Slavery Statement or to complete a Modern Slavery questionnaire (where the new supplier is not itself subject to supply chain requirements under the Modern Slavery Act). All new suppliers are subject to a risk assessment prior to being set up with the LME and/or LME Clear.

Contracts with suppliers

We seek to agree contracts with suppliers that align to our minimum standards. This includes the use of standard form contracts where appropriate and the adoption of robust policies governing contract review and approval. We also endeavour to ensure that suppliers are contractually obligated to comply with all applicable laws including Modern Slavery legislation.

Training

Our Modern Slavery Policy is kept up to date and made available for 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.

Key Performance Indicators 2023

Further to the 2022 Statement, please see the below Key Performance Indicators (KPIs) for the 2023 financial year. The KPIs are designed to provide a more objective means of measuring the effectiveness of our efforts to tackle the risk of modern slavery in our business

Focus Area	KPI	2023 Result
Training and Awareness	Completion of new starter training to all new staff, which contains materials on Modern Slavery	All New starters in 2023 have either attended, or are due to attend, new starter training which contains materials on Modern Slavery.
Risk Assessment of new suppliers	% of suppliers risk assessed for Modern Slavery as Low	63% of our suppliers have been assessed as low risk.
	% of suppliers risk assessed for Modern Slavery as Medium	37% ¹ of our suppliers have been assessed as medium risk.
	% of suppliers risk assessed for Modern Slavery as High.	No high risk suppliers.
Reports	# of Whistleblowing disclosures	We have received 0 Whistleblowing disclosures
	# of incidents related to Modern Slavery identified	No incidents relating to human rights/modern slavery received in the 2023 financial year.
	# of incidents related to Modern Slavery addressed	N/A

Government's Digital Registry

In addition to uploading the Modern Slavery Annual Statement on our website, the LME and LME Clear will submit their Annual Statement to the Government's digital registry. The Head of Core Compliance and the LME Clear Chief Compliance Officer are our registered users on the registry.

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 2023.

Annual Review

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



Matthew Chamberlain

Chief Executive Officer, LME



Michael Carty

Chief Executive Officer, LME Clear

¹ There has been an increase in the percentage of our new suppliers rated as medium risk during 2023. However we have not identified material concerns and will continue to keep these numbers under review.