

LME Sustainability: Overview

13 August 2020



SETTING THE GLOBAL STANDARD



LME sustainability is driven by three key factors...

1. Collective ethical responsibility



The LME believes that the industry has an ethical imperative to embrace principles underlying sustainability, and that the LME has a role to play in facilitating this – as part of a broad coalition of governments, regulators and companies

2. Commercial imperative



The fundamental role of the LME is to provide pricing and facilitate trading of metals. It is clear to the LME that a sizeable proportion of its market and the wider community, including the investment community, is expecting market infrastructure providers such as the LME to ensure that the products they offer meet expected standards for responsibility and sustainability

3. Providing leadership for the global metals industry



Stakeholders demand that the metals and mining industries take responsibility for ensuring sustainability – and the metals industry must collectively live up to this responsibility. The LME believes that its role in the centre of the industry and its embedded knowledge of the metals market mean that it can facilitate this process in a manner which is both meaningful and practical

...underpinned by three core principles...

Making metals the cornerstone of a sustainable future

Maintaining a broad scope

The LME believes that an effective corporate social responsibility strategy encompasses a wide spectrum of issues under the sustainability banner. The LME's intention is to provide support to as wide a range of topics as possible, focusing on electric vehicles, the circular economy and sustainable production

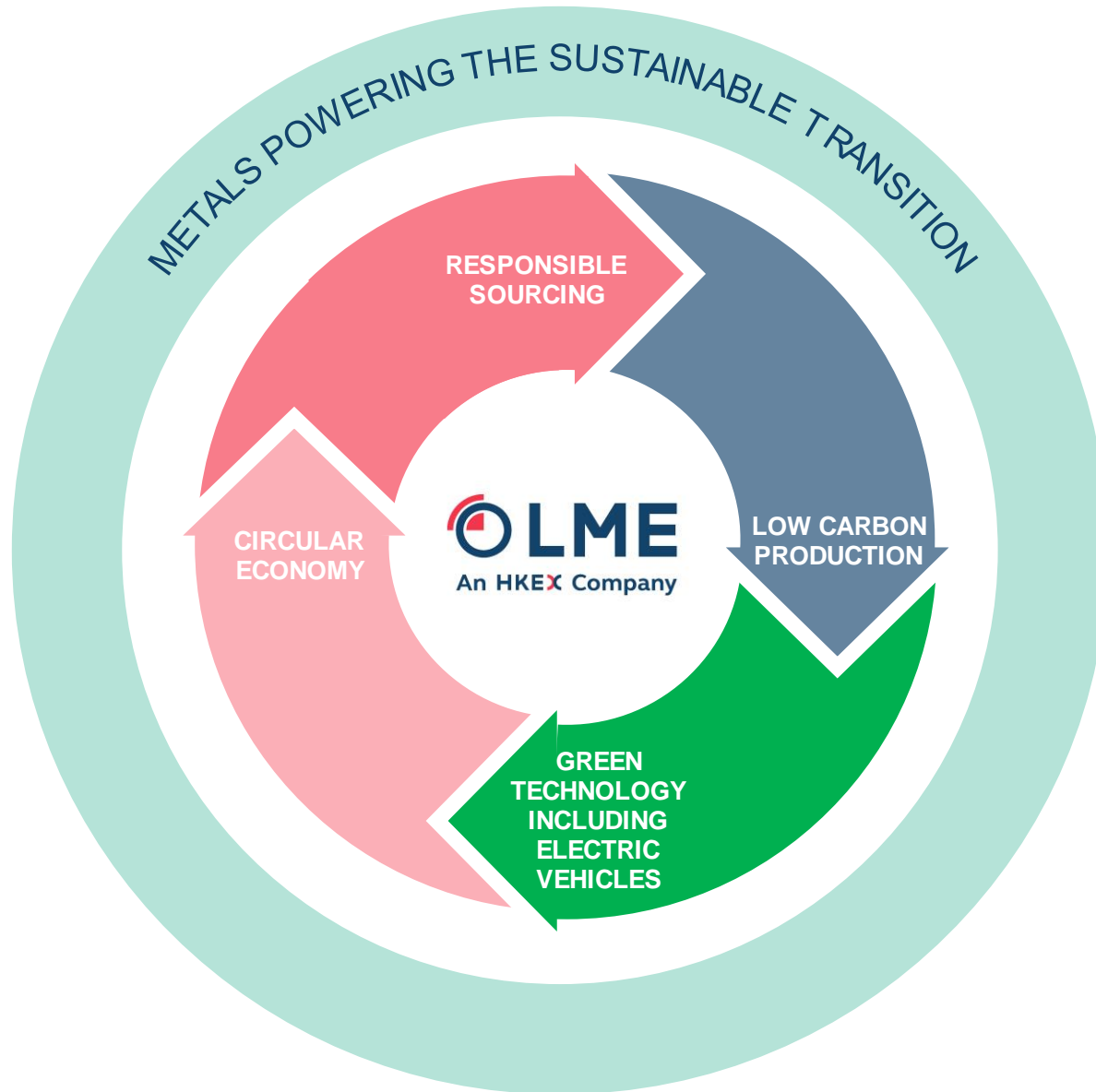
Supporting voluntary disclosure of data

The LME's approach to sustainability will be voluntary and market-led, aiming to build consensus with which to drive further market change through voluntary transparency. This starts with the optional disclosure of data for consumption by key stakeholders – the LME will provide a system to facilitate this, but will not limit the type of information which can be disclosed

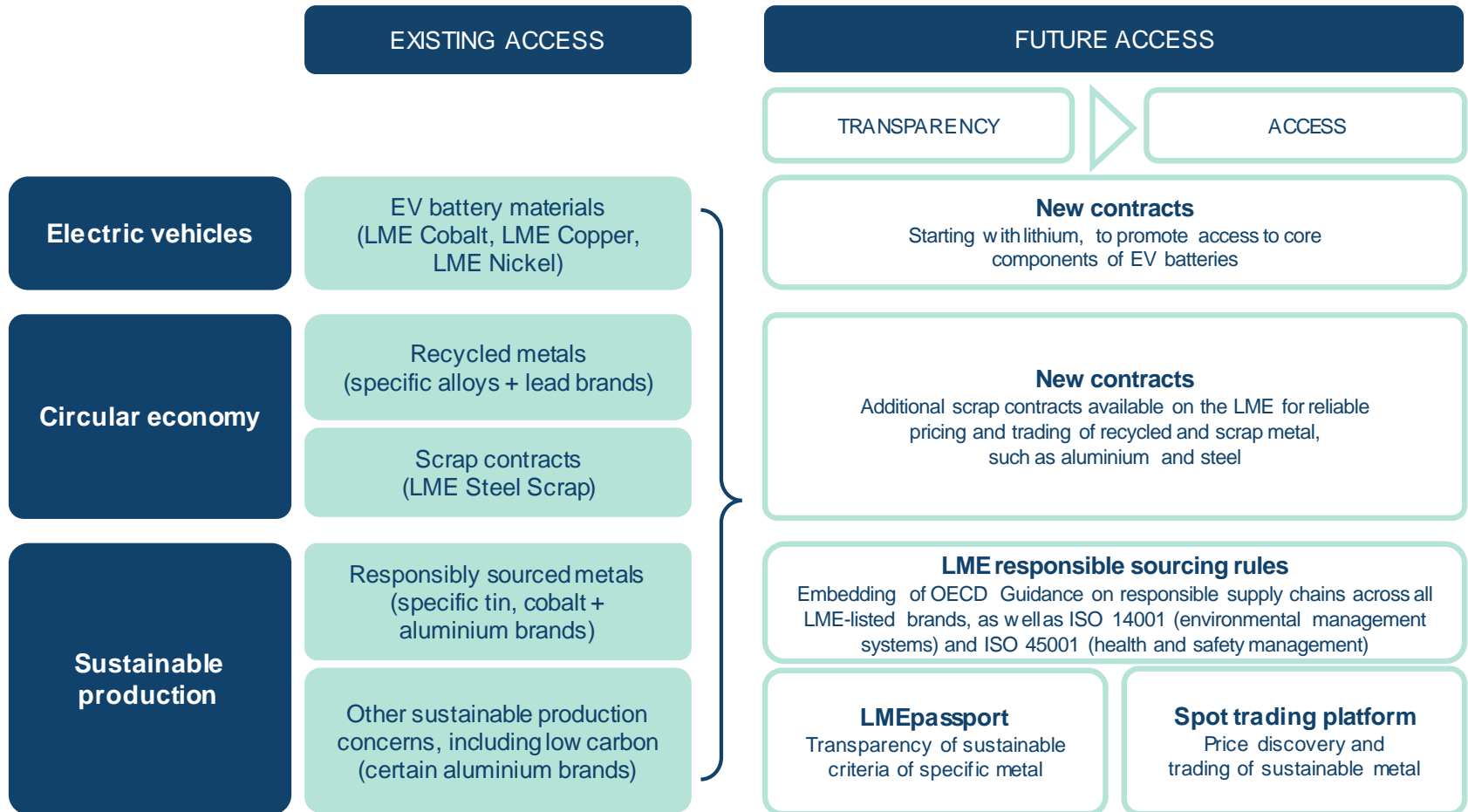
Providing necessary tools for change

In building its sustainability strategy, the LME will leverage a range of approaches, facilitating solutions which address the issues from multiple perspectives and provide user choice for its market

...and reinforces the role of metals in a sustainable future

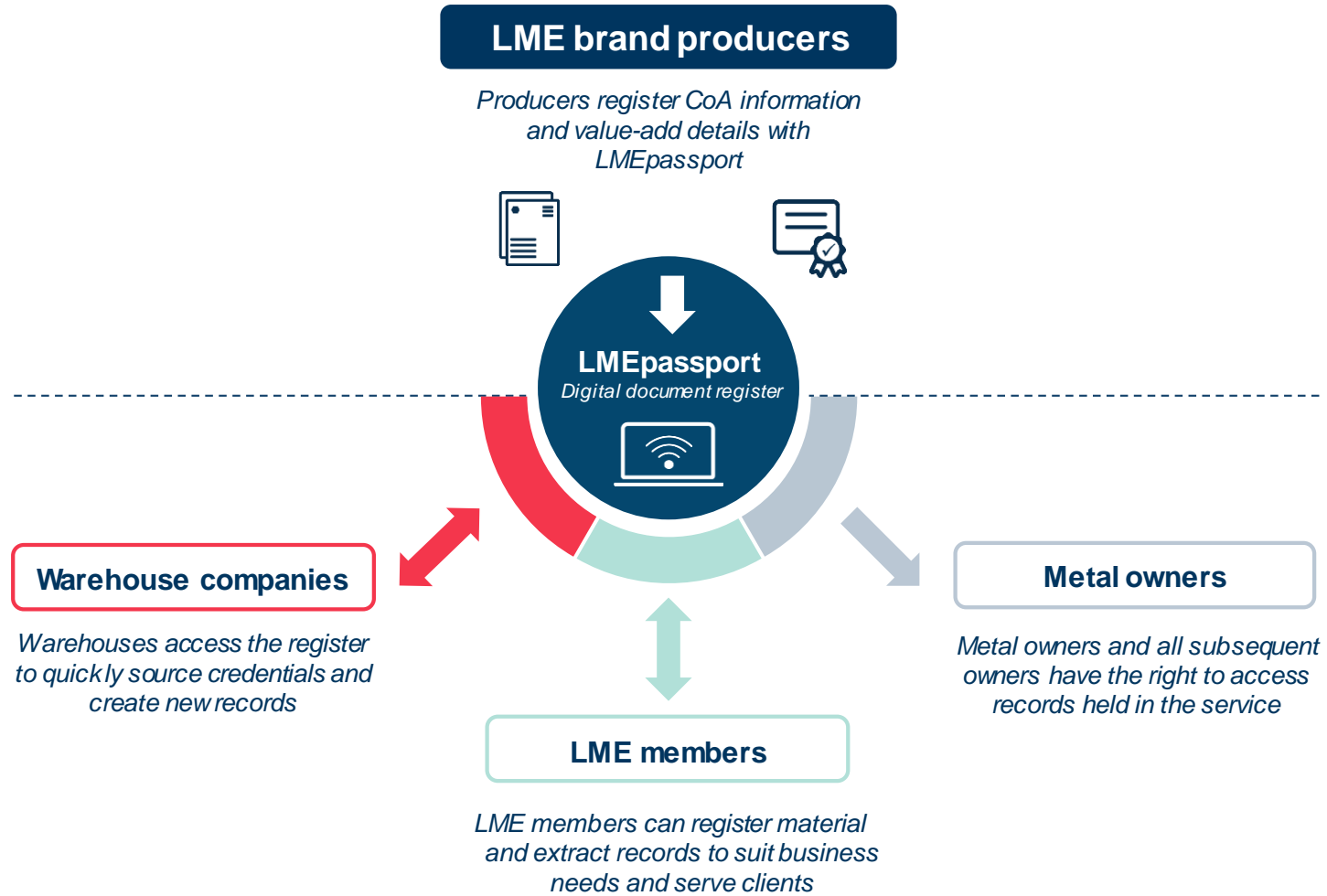


LME: transparency, pricing and access to sustainable metal



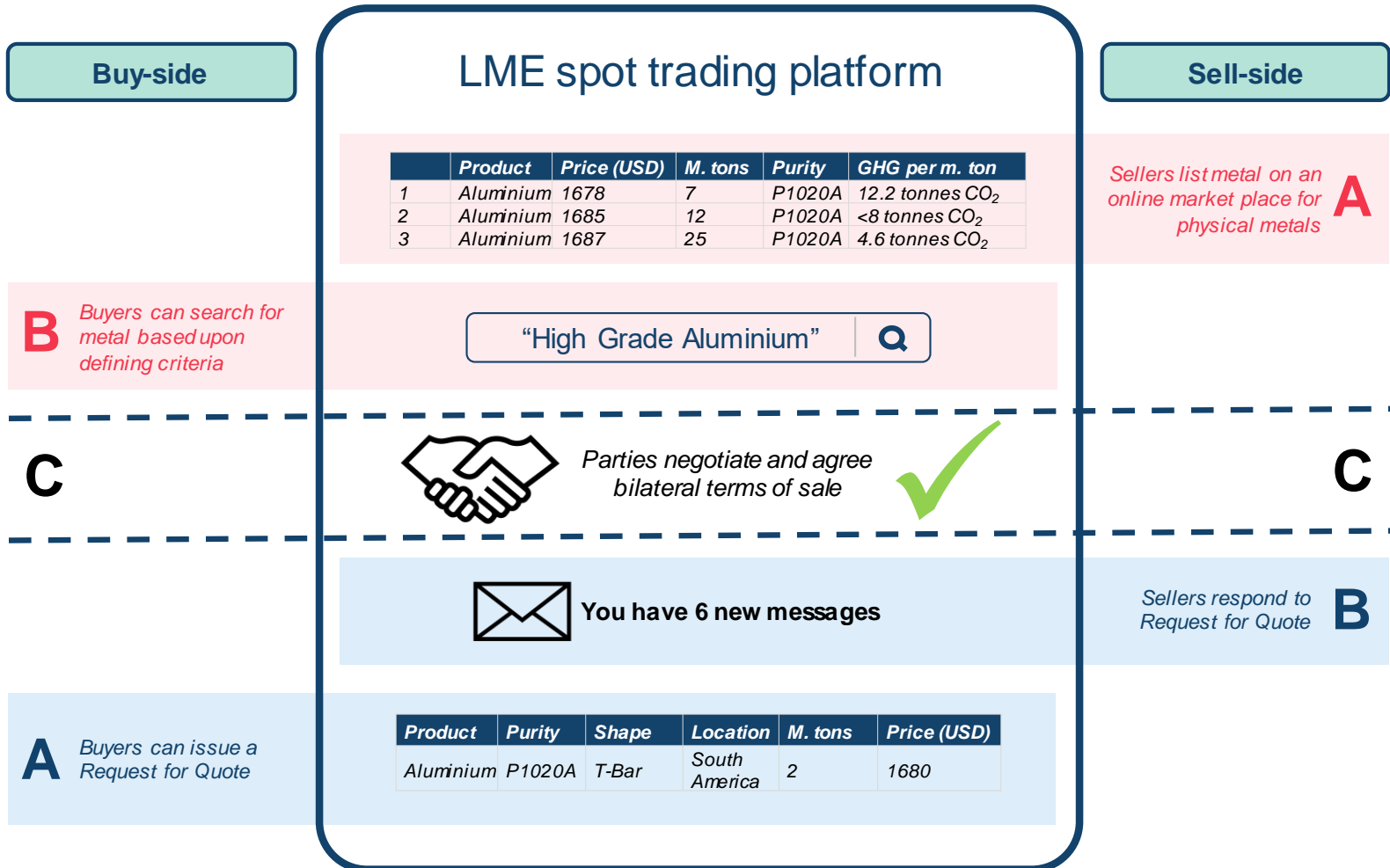
The LME already provides access to metals that are sustainably sourced, and / or contribute towards the creation of a more sustainable future. The next step is for the LME to build on that existing base to provide access across a broader range of products

Transparency: LMEpassport



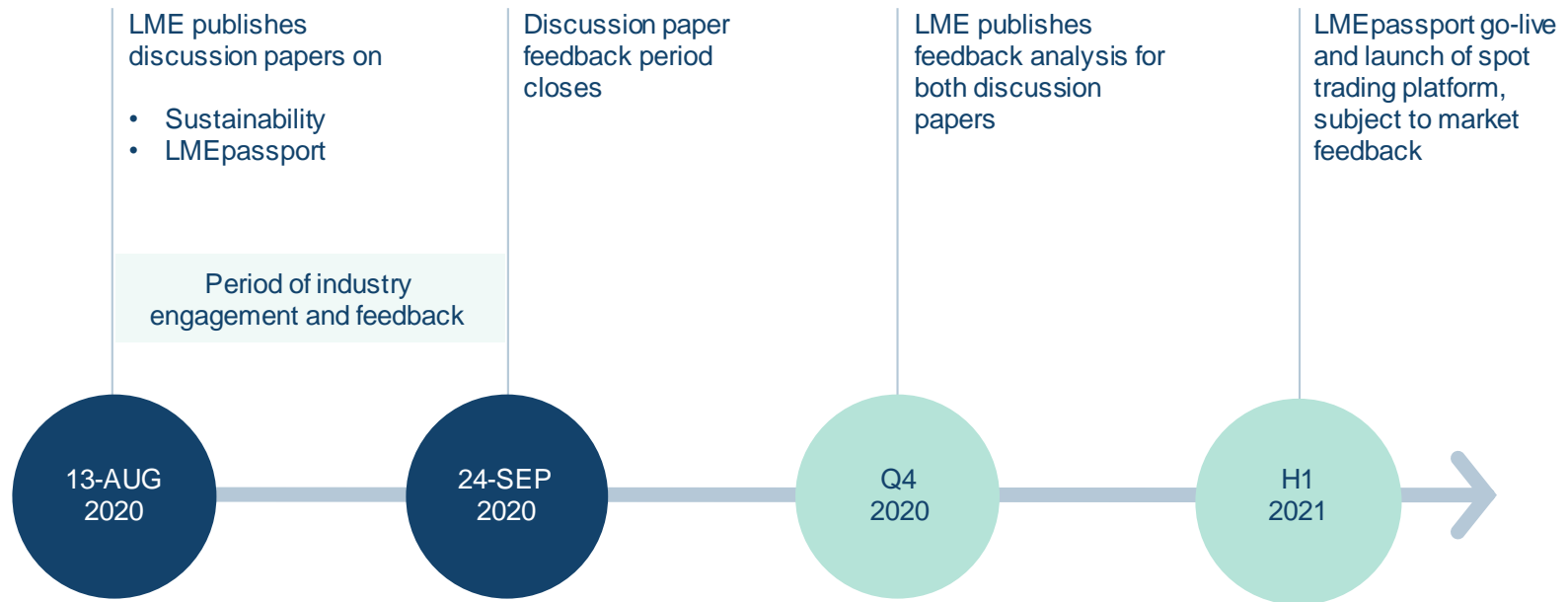
LME is proposing to launch LMEpassport – a digital register that records electronic Certificates of Analysis (“CoAs”) and other value-add information – to include, on a voluntary basis, carbon-related metrics for specific batches of aluminium

Access: spot trading platform



LME is proposing to launch a spot trading platform, providing an online market place which offers access to low carbon aluminium to market users on a voluntary basis

Timeline



The set of issues and solutions presented represent the first step for the LME in supporting the whole metals industry to address the pertinent issues for their value chains as appropriate, and as prioritised by the market

Disclaimer

© The London Metal Exchange (the “LME”), 2020. The London Metal Exchange logo is a registered trademark of The London Metal Exchange.

The LME is authorised and regulated by the Financial Conduct Authority in respect of its benchmark administration activities under the European Benchmarks Regulation (Regulation No (EU) 2016/1011) (“BMR”).

All rights reserved. All information contained within this document (the “Information”) is provided for reference purposes only. While the LME endeavours to ensure the accuracy, reliability and completeness of the Information, neither the LME, nor any of its affiliates makes any warranty or representation, express or implied, or accepts any responsibility or liability for, the accuracy, completeness, reliability or suitability of the Information for any particular purpose. The LME accepts no liability whatsoever to any person for any loss or damage arising from any inaccuracy or omission in the Information or from any consequence, decision, action or non-action based on or in reliance upon the Information. All proposed products described in this document are subject to contract, which may or may not be entered into, and regulatory approval, which may or may not be given. Some proposals may also be subject to consultation and therefore may or may not be implemented or may be implemented in a modified form. Following the conclusion of a consultation, regulatory approval may or may not be given to any proposal put forward. The terms of these proposed products, should they be launched, may differ from the terms described in this document.

Distribution, redistribution, reproduction, modification or transmission of the Information in whole or in part, in any form or by any means are strictly prohibited without the prior written permission of the LME.

The Information does not, and is not intended to, constitute investment advice, commentary or a recommendation to make any investment decision. The LME is not acting for any person to whom it has provided the Information. Persons receiving the Information are not clients of the LME and accordingly the LME is not responsible for providing any such persons with regulatory or other protections. All persons in receipt of the Information should obtain independent investment, legal, tax and other relevant advice before making any decisions based on the Information.

LME contracts may only be offered or sold to United States foreign futures and options customers by firms registered with the Commodity Futures Trading Commission (CFTC), or firms who are permitted to solicit and accept money from US futures and options customers for trading on the LME pursuant to CFTC rule 30.10.