LME
An HKEX Company

LME Red Flag Assessment Summary Statistics

2022 Reporting Period

1 Introduction and context

In October 2019, the London Metal Exchange ("LME") introduced the Policy on Responsible Sourcing of LME-Listed Brands ("the Policy"). This Policy established a set of compulsory requirements for all LME-listed brands[1], requiring them to adhere to internationally recognised standards for responsible sourcing. The requirements are divided into three separate components: the implementation of the OECD's Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas ("OECD Guidance"); compliance with ISO14001 (environmental management systems); and compliance with ISO45001 (occupational health and safety management systems) or an equivalent certification programme approved by the LME.

The LME sets out four routes through which LME-listed brands may implement the OECD Guidance – Track A (Recognised Alignment-Assessed Standard Track), Track B (Audited LME RFA Track), Track C (Published LME RFA Track), plus Track D – an exemption route for producers using 100% recycled sources[2].

In accordance with Clause 7 of the Policy, brands that follow Track C are required to submit a complete LME Red Flag Assessment ("RFA") for evaluation by the LME. Upon completion of the review, these RFAs are made public, with transparency serving as a secondary layer of scrutiny for the information contained within. This process enables other producers, civil society, non-governmental organisations ("NGOs"), industry bodies, regulators, and other stakeholders to review the provided information and raise any concerns related to accuracy of the information (as detailed in Section 12 in the Policy).

As a reminder, the LME implemented a phased approach for RFA public reporting[3] with the timeline as follows:

Reporting Period	Public reporting
2021 – 2022	LME RFA summary statistics
2023 – 2024	Publication of anonymised RFAs
2025 onwards	Publication of full and attributed RFAs

The LME published the summary statistics for the 2021 Reporting Period on 13 March 2023, and this remains available on the LME website[4].

2 Notes on methodology

For the 2022 Reporting Period, 20%[5] (87) of brands chose to use Track C; 18% (79) of those RFAs remain classified as Track C following the review and determination process set out in Section 7, Clause 7.3 in the Policy. These summary statistics include the data from those 79 RFAs. Out of the 87 RFAs submitted, the LME reclassified 9% (8) of the brands to Track A due to the presence of an OECD Red Flag, and their data is therefore not included in these summary statistics. Additionally, 2% (7) of brands voluntarily transitioned from

[1] All capitalised terms not otherwise defined in this paper shall have the meanings ascribed to them under the Policy. Although Brand by definition is the metal itself, for simplicity in this paper, the lowercase "brand" is used interchangeably with the term "producer" to refer to the entities that produce the metal as well. All brands are counted individually, even if one entity produces multiple brands.
[2] Full details of the background to and details of the LME's responsible sourcing programme can be found on the LME website here: Responsible sourcing | London Metal Exchange (lme.com)
[3] For additional details on Track C phased transparency approach, please refer to Clause 7.6 – Public Disclosure in the Policy
[4] Please see LME Red Flag Assessment – 2021 Reporting Period
[5] The total number of brands was 435 at the time of Track C submission in 2023. For the most up-to-date list of LME-listed brands, please visit: Approved brands | London Metal Exchange (lme.com)

Track A to Track C in 2023. Their 2022 data, after being reviewed by the LME, has been incorporated into these summary statistics.

The LME receives RFAs under the premise that the producers have provided information that is accurate, complete, and submitted honestly. If needed, the LME requested producers to provide additional details during the review and determination process. If supply chain risks come to light post-review and classification of an RFA to Track C, the LME retains the right to ask for the brand to be reclassified to Track A or to take actions against the brand, including suspension or de-listing.

To align with existing reporting cycles, producers may choose to start the Reporting Period at a month of their choosing, as long as it covers an annual period and there is no gap between reporting years (Table 1). Thus, the data contained in this report is mostly representative of the period from 1 January 2022 to 31 December 2022.

Table 1 Percentage of LME brands and their chosen Reporting Period

Reporting Period	Percentage of LME brands
1 January 2022 – 31 December 2022	90%
1 April 2022 – 31 March 2023	5%
1 May 2022 – 1 May 2023	1%
1 June 2022 – 31 May 2023	1%
1 July 2021 – 30 June 2022	3%

Similar to the LME Track C summary statistics covering the 2021 Reporting Period, the data in Sections 3.3 – 3.4 are broken down by country (where relevant), metal type, and number of brands for each of the relevant RFA questions. The LME will not share data that could be attributed back to individual brands as this would be counter to the phased transparency approach outlined in the Policy. Thus, LME has developed the following reporting methods to protect confidentiality prior to 2026 (at which point all RFAs are published in full under the phased transparency approach outlined in Section 1).

- If five or more brands of a single metal type reported a country, then the country, metal type, and number of brands are listed individually;
- if fewer than five brands of a single metal type reported a country, multiple metal types are grouped together until at least five brands are reported within the same country; and
- if fewer than five brands reported a country for all metal types combined, these countries are reported together with “<5” under “Number of LME brands”

This document follows the format of the LME RFA[6]. Original RFA questions are shown in *italic grey* followed by summary statistics, and LME commentary at the end of each section.

[6] Please note, the LME undertook a revision process with respect to the Policy and associated compliance documents (including the RFA) in December 2022 - January 2023 which came into effect in March 2023, including the opportunity for market-wide comment and feedback. The RFA references in this report hence relate to the revised RFA template, in use as of March 2023.

3 Summary statistics

3.1 Section 1. BRAND INFORMATION

Section 1. BRAND INFORMATION	
LME Brand Producer name	
LME Brand name(s)	
Reporting Period start date (DD/MM/YYYY)	
Reporting Period end date (DD/MM/YYYY)	
Date of submission (DD/MM/YYYY)	
Address of Brand producing site	
Website of Brand Producer	
Name of person submitting RFA	
Job title of person submitting RFA	
Phone number	
Email address	

Summary statistics:

Table 2 Breakdown of Track C brands by metal

Metal	Number of LME brands (2021 Reporting Period)	Number of LME brands (2022 Reporting Period)
Aluminium	26	23
Aluminium Alloy	5	3
Cobalt	0	1
Copper	11	11
Lead	13	15
Nickel	2	4
North American Special Aluminium Alloy Contract ("NASAAC")	5	3
Tin	0	0
Zinc	17	19
Total	79	79

LME commentary

The total count of brands following Track C remained unchanged between the 2021 and 2022 Reporting Periods. However, it is important to note that the specific brands, particularly within each metal category, varied.

3.2 Section 2. COMPANY MANAGEMENT SYSTEMS

Question a. Describe the Producer's supply chain due diligence policy. The policy should incorporate the standards against which due diligence is to be conducted, consistent with the model policy contained in Annex II of the OECD Guidance. Please provide a link or a copy where available.

Question b. Describe how this policy been communicated to suppliers, employees, and the public.

Summary statistics:
A total of 99% (78) of brands submitted their supply chain due diligence policy or similar documentation including producer's responsible sourcing framework, supplier code of conduct, or broader social responsibility policy. One brand (1%) reported that it is smelted at the mine site, and it sources all its feedstock from that mine. As such, it did not have any relevant feedstock-related external suppliers during the Reporting Period, and so did not submit a supply chain due diligence policy.

Of the 99% (78) of brands that submitted their supply chain due diligence policy, 95% (74) of them shared their policy with suppliers and employees via email or direct distribution, incorporated it into supplier contracts at initiation, and publicly disclosed it on their website. The remaining 5% (4) of these brands have a responsible sourcing policy and procedure, but have yet to disclose it publicly; LME has asked these brands to disclosure their policy publicly to be able to continue comply via Track C.

Question c. Explain the management structure responsible for the Producer's due diligence, including who is directly responsible for implementing the supply chain due diligence policy.

Summary statistics:

All 100% of brands provided details specific to their management structures for executing the producer's due diligence. Similar to the 2021 Reporting Period, producers' due diligence is generally managed by the material procurement department, commercial team, marketing team, compliance, or general management team onsite. A small number of brands reported dedicated sustainability departments or responsible sourcing teams working on implementing the producer's supply chain due diligence policies.

At 97%, nearly all brands submitted information on the responsible person accountable for the producer's due diligence. The functions this person performed included communicating with the producer's suppliers, overseeing the procurement process, and identifying and mitigating supply chain risks. The roles these responsible persons hold vary from Chief Executive Officer, Chief Financial Officer, Chief Commercial Officer, Chief Sustainability Officer, Director of Responsible Sourcing, Supply Chain Manager, Director of Raw Materials, Vice President, and Manager of Security and Emergency. The remaining 3% of brands reported that their due diligence procedure is implemented by specific teams, and that these teams are held accountable for the producer's due diligence instead of named individuals.

Question d. Describe the system of controls and transparency over the mineral supply chain put in place by the Producer. This includes:

a. the type of information the Producer collects from suppliers,

b. whether this information is required in commercial contracts with suppliers
c. the format of the record-keeping of the Producer (such as paper-based, computerised, digital leger technology, or part of an institutionalised mechanism), and
d. for how long this information is stored.

Question e. Describe the data the management system has yielded this Reporting Period and how it has strengthened the company's due diligence efforts.

Summary statistics:

Similar to question a, 99% of brands provided details on their control systems, including pre-contract "Know Your Customer" checks, periodic supplier reviews, and company-wide procurement standards. Documentation included various items like contract terms, certificates of origin, and safety data sheets. Few producers reported more holistic screening including, but not limited to, operational, health and safety, environmental, legislation, and other sustainability risks. Producers acknowledged that the data collected during the Reporting Period plays a crucial role in maintaining sanction compliance, informing supplier selection, and strengthening relationships with both suppliers and customers.

One percent of brands did not report on their data management systems that govern their supply chain policy. This is the same 1% of brands that did not have a policy from question a, because they source exclusively from their own co-located sites.

Question f. Confirm that a company-level or industry-wide grievance mechanism has been established and provide evidence.

Summary statistics:

All brands (100%) reported having a dedicated grievance mechanism for raising concerns. Some are specifically designed for supply chain risk mitigation and are managed by a third-party operator. Others are included in the supplier code of conduct, hosted on the company's website, or are part of whistleblower policies applicable to employees and company personnel.

Question g. Describe the Producer's method for identifying Conflict-Affected and High-Risk Areas ("CAHRA").

Summary statistics:

All 100% of the brands submitted their CAHRA determination methodology. The majority (91%) of these methodologies follow the recommendations set out in the LME's Guidance Note on CAHRAs[7] and reference a combination of resources such as the indicative, non-exhaustive list of CAHRAs under Regulation (EU) 2017/821 (the "EU CAHRA list"), the Responsible Minerals Initiative's Global Risk Map, TDi's CAHRA Index, international sanction lists, and various risk indices like the Heidelberg Conflict Barometer. A small number of brands utilise consultancy-provided CAHRA determination methodologies and risk assessment platforms such as EcoVadis.

The remaining 9% of the brands have submitted CAHRA determination methodologies that, in the LME's view, require further development; for example, exclusive reliance on the EU CAHRA list, even when the metal produced is not among the 3TG metals (tin, tungsten, tantalum, gold)[8]. Additionally, some brands refer to a

[7] The LME published the Guidance Note on Conflict-Affected and High-Risk Areas in May 2023:
[8] Bellasio, Jacopo, Anna Knack, Victoria Jordan, and Ruth Harris, Provision of an indicative, non-exhaustive list of conflict-affected and high-risk areas under Regulation 2017/821: Task A – Methodology development. Santa Monica, CA: RAND Corporation, 2020.https://www.rand.org/pubs/research_reports/RRA158-1.html

single conflict indicator that does not take into account the full of the definition of a CAHRA. The LME has accepted the CAHRA determination methodologies of these brands, with the understanding that the input material of which the LME brand is produced came predominantly or exclusively from their own mines during the Reporting Period. Additionally, these brands have committed to enhance their CAHRA determination methodologies for their submissions in the upcoming reporting year, as part of the LME and the industry's commitment to continuous improvement.

LME commentary:

Between the 2021 and 2022 Reporting Periods, the LME has seen substantial enhancement in the quality of producers' supply chain due diligence policies and their due diligence systems. This improvement was characterised by several key elements:

- The scope of the producer's supplier due diligence policies were broadened to explicitly include the risks outlined in Annex II of the OECD Guidance
- An increased number of producers opted to establish standalone supply chain due diligence policies, moving away from more generic codes of conduct
- The supply chain due diligence policy was more generally integrated into supplier relationships, including its embedment in contracts and public disclosures
- Most producers have improved their CAHRA determination methodologies such as including multiple data sources tailored for their sourcing profile. Furthermore, producers made their methodologies more relevant to the specific minerals and have better integrated them into their due diligence processes

However, there are still areas that require further improvement. These include:

- More explicit mandates requiring suppliers to adhere to the producer's supply chain due diligence policies where the supplier does not have their own equivalent policy (for example, embedding these requirements into a supply contract)
- Increased engagement and capacity building with suppliers who do not comply with producer's supply chain due diligence policies and preparing plans for enhanced due diligence in case the supplier's status changes
- Data systems improved to provide for comprehensive coverage of all data to be collected based on recommendations in the OECD Guidance[9]
- Greater detail on how producers can utilise the data gathered from the control and transparency systems, with the aim to enhance the producers' due diligence process and mitigation of potential supply chain risks

The LME maintains continuous engagement with all producers under Track C. The LME provides these producers with specific, targeted feedback, which aims to help them identify areas of improvement in their existing policies. The implementation of the OECD Guidance takes time and collective effort throughout the supply chain and the LME expects the next steps in Track C's phased transparency approach to garner even greater accountability among brands complying via Track C.

3.3 Section 3. LOCATION OF MINERAL ORIGIN AND TRANSIT RED FLAG EVALUATION

Question a. On the basis of the Producer's Company Management Systems for tracing the transit of materials from its operations and those of its suppliers, list all countries from which the minerals used for this Brand originated and transited through during the Reporting Period.

[9] OECD Guidance, page 38, which refers to the information expected on page 37

Question b. Identify whether each of the countries listed in (a.) is a source for the Brand material or a country through which the material only transits.

Question c. Specify the type of material being sourced or transited. This is optional to disclose and only requested to assist in answering the remaining questions.

Summary statistics:

Tables 3 and 4 list all source and transit countries reported by Track C brands during the 2022 Reporting Period, followed by the producer's evaluation of the CAHRA status for each country disclosed in Tables 4 and 5.

New this year, 89% of the brands voluntarily chose to respond to question c, specifying the type(s) of material being sourced or transited during the Reporting Period. Thus the "material type sourced" in the summary statistics below only reflects those materials that were voluntarily disclosed and may not be comprehensive of all material types sourced from that country.

Table 3 Sourcing countries[10]

Country	Metal (s)	Material type sourced	Number of LME brands
Australia	Aluminium	Alumina, Bauxite	12
	Aluminium Alloy, NASAAC, Zinc	Alumina, Bauxite, Zinc Concentrate	10
	Lead	Lead Concentrate	9
Bolivia	Copper, Lead, Zinc	Copper Concentrate, Lead Concentrate, Zinc Concentrate	8
Brazil	Aluminium	Alumina, Bauxite	7
	Copper, NASAAC, Nickel, Zinc	Alumina, Copper Concentrate, Nickel Concentrate, Zinc Concentrate	10
Bulgaria	Lead, Zinc	Lead Concentrate, Zinc Concentrate	5
Canada	Aluminium Alloy, Copper, Nickel, Zinc	Alumina, Copper Concentrate, Nickel Concentrate, Zinc Concentrate	10

[10] Data only concerns Input Materials; this means the feedstock (input) fed into a process for conversion into the Metal of a Brand. This includes metals or materials that are present in the final Metal produced by a Brand and excludes chemical or other additives that may be added during the production process. The LME encourages brands to perform due diligence for other ancillary materials; however, the LME's acceptance process only concerns the Input Materials.

Chile	Copper	Copper Concentrate, Copper Matte, Zinc Concentrate, Lead Concentrate	6
Guinea	Aluminium	Bauxite	6
Honduras	Lead, Zinc	Lead Concentrate, Zinc Concentrate	6
India	Aluminium	Bauxite	8
	Lead, Zinc	Lead Concentrate, Zinc Concentrate	6
Mexico	Lead, Zinc	Lead Concentrate, Zinc Concentrate	6
North Macedonia	Lead, Zinc	Lead Concentrate, Zinc Concentrate	5
Peru	Copper, Lead	Copper Concentrate, Lead Concentrate	10
Russia	Cobalt, Copper, Lead, Nickel, Zinc	Copper Concentrate, Lead Concentrate, Zinc Concentrate	11
Serbia	Copper, Lead, Zinc	Copper Concentrate, Lead Concentrate, Lead Ooxide Concentrate, Zinc Concentrate	9
Spain	Aluminium, Aluminium Alloy, Copper, Zinc	Alumina, Copper Cathode, Lead Concentrate, Zinc Concentrate	7
	Lead	Lead Concentrate	7
Sweden	Lead, Zinc	Lead Concentrate, Zinc Concentrate	7
Turkey	Lead, Zinc	Lead Concentrate, Zinc Concentrate	8
United States	Aluminium, Copper, Lead	Alumina, Copper Concentrate, Lead Concentrate, Magnesium	7
	Zinc	Zinc Concentrate	7
Albania, Algeria, Argentina, Armenia, Bosnia and Herzegovina, Burkina Faso, China, Dominican Republic, Eritrea, Finland, Germany, Greece, Indonesia, Ireland,		Alumina, Bauxite, Copper Concentrate, Lead Concentrate, Nickel Concentrate, Zinc Concentrate	<5

Japan, Kazakhstan, Kosovo, Montenegro, Morocco, Namibia, Netherlands, Nigeria, Norway, Poland, Portugal, Saudi Arabia, South Africa, South Korea, Tunisia, Vietnam, Zambia			

Table 4 Transit only countries

Country	Metal (s)	Material type	Number of LME brands
Belgium	Lead, Nickel, Zinc	Lead Concentrate, Zinc Concentrate	5
Montenegro	Copper, Lead, Zinc	Copper Concentrate, Lead Concentrate, Zinc Concentrate	5
United Kingdom	Lead	None disclosed	5
Canada	Aluminium, NASAAC	Alumina	6
Argentina, Chile, Cote d'Ivoire, Czech Republic, Denmark, Egypt, Finland, France, Germany, Hungary, Iceland, Mozambique, Netherlands, Norway, Oman, Panama, Peru, Poland, Serbia, Slovakia, South Africa, South Korea, Spain, Sweden, United States	Aluminium, Aluminium Alloy, Copper, Lead, Nickel, Zinc	Alumina, Bauxite, Copper Concentrate, Lead Concentrate, Nickel Concentrate, Zinc Concentrate	<5

Question d. Classify each country's CAHRA status:

i. *A country of which no area falls into the CAHRA definition;*
ii. *A country of which all areas fall into the CAHRA definition; or*
iii. *A country of which some, but not all areas fall into the CAHRA definition. In this case, indicate whether the material is sourced from or transits through the CAHRA in the comment column.*

Summary statistics:

Table 5 Source country CAHRA evaluations by number of brands

Country	Metal(s)	Non-CAHRA	Some CAHRA

Australia	Aluminium	12	0
	Lead	9	0
	Aluminium Alloy, NASAAC, Zinc	10	0
Bolivia	Copper, Lead, Zinc	8	0
Brazil	Aluminium	8	0
	Copper, NASAAC, Nickel, Zinc	10	0
Bulgaria	Lead, Zinc	5	0
Burkina Faso	Zinc	0	<5
Canada	Aluminium Alloy, Copper, Nickel, Zinc	10	0
Chile	Copper	6	0
Guinea	Aluminium	6	0
Honduras	Lead, Zinc	6	0
India	Aluminium, Lead, Zinc	5	9
Mexico	Lead, Zinc	6	0
North Macedonia	Lead, Zinc	6	0
Peru	Copper, Lead, Zinc	10	0
Russia	Cobalt, Copper, Lead, Nickel, Zinc	11	0
Serbia	Copper, Lead, Zinc	9	0
Spain	Lead	7	0
	Aluminium, Aluminium Alloy, Copper, Zinc	7	0
Sweden	Lead, Zinc	7	0
Turkey	Lead, Zinc	4	<5
United States	Zinc	7	0
	Aluminium, Copper, Lead	7	0

Albania, Algeria, Argentina, Armenia, Bosnia and Herzegovina, China, Dominican Republic, Eritrea, Finland, Germany, Greece, Indonesia, Ireland, Japan, Kazakhstan, Kosovo, Montenegro, Morocco, Namibia, Netherlands, Nigeria, Norway, Poland, Portugal, Saudi Arabia, South Africa, South Korea, Tunisia, Vietnam, Zambia	Aluminium, Aluminium Alloy, Lead, Nickel, Zinc	<5	0

Table 6 Transit country CAHRA evaluations by number of brands

Country	Metal	Non-CAHRA	Some CAHRA
Belgium	Lead, Nickel, Zinc	5	0
Canada	Aluminium, NASAAC	6	0
Montenegro	Copper, Lead, Zinc	5	0
Mozambique	Aluminium	0	<5
United Kingdom	Lead	5	0
Argentina, Chile, Cote d'Ivoire, Czech Republic, Denmark, Egypt, Finland, France, Germany, Hungary, Iceland, Netherlands, Norway, Oman, Panama, Peru, Poland, Serbia, Slovakia, South Africa, South Korea, Spain, Sweden, United States	Aluminium, Aluminium Alloy, Copper, Lead, Nickel, Zinc	<5	0

Question e. For each of the source countries identified, assess if the volume of mineral the Producer sourced during the Reporting Period is in keeping with the source country's known reserves and expected production levels. Provide the result of your assessment.

Summary statistics:

All brands (100%) reported that the volume of mineral sourced during the Reporting Period is in keeping with the source country's known reserves and expected production levels.

Question f. For each of the countries identified, assess if this country known to transit materials from CAHRAs.

Summary statistics:

No producers reported countries through which minerals from CAHRAs were known to transit.

Question g. For each of the source countries in (b.), assess the status of the supplier's Extractive Industry Transparency Initiative ("EITI") implementation following these steps:

(i) State whether or not the country is an EITI-implementing country;

(ii) If the supplier is located in an EITI-implementing country, identify if the supplier is in compliance with the EITI reporting requirements of that country. Provide links to the relevant company's submission for the purpose of EITI reporting, where such a disclosure does not reveal commercially sensitive information.

(iii) If the country is not an EITI-implementing country, identify if the supplier takes other steps to provide transparency on payments to governments and other matters in line with the aims of EITI. Provide link(s) to disclosures where available.

Summary statistics:

Table 7 Percentage of brands with the following EITI-implementing countries in their supply chain who provided links to relevant EITI reports

Country	Percentage of brands with links to company-specific EITI reports	Percentage of brands with links to national level EITI reports in absence of company-specific EITI reports
Albania	0%	100%
Argentina	50%	100%
Armenia	100%	100%
Burkina Faso	0%	100%
Dominican Republic	100%	100%
Germany	0%	100%
Guinea	50%	100%
Honduras	50%	50%
Indonesia	0%	100%
Kazakhstan	0%	100%
Mexico	50%	50%
Netherlands	0%	100%
Nigeria	0%	67%
Norway	0%	100%
Peru	50%	100%
Zambia	50%	100%

In relation to non-EITI implementing countries (referring to question g.(iii)), 51% of the brands have shown evidence that their suppliers and/or upstream companies have taken additional measures to ensure transparency on payments and other matters, aligning with the objectives of EITI. The majority of these brands have supplemented this with financial reports from their supplier companies. A minority of brands have

reported that their source countries are on the path to becoming EITI implementing countries, and that they mandate their suppliers to disclose their financial reports publicly.

LME commentary:

The LME notes that Tables 3 to 7 only include data from Track C brands, excluding source and transit countries from Tracks A, B, and D where the LME does not receive this data. Given Track C is only available to brands without CAHRAs in their supply chains, and that the LME refers brands with CAHRAs to Track A, it follows that these tables do not cover all CAHRAs identified by all LME brands.

In the 2022 Reporting Period, there were 49 source countries and 29 transit countries, a decrease from the 52 source and 39 transit countries reported in the 2021 Reporting Period. This represents a 6% decrease in source countries and a 30% decrease in transit countries. This reduction in the total count of source and transit countries was due to the Track A reclassification of 9% of the brands that had a large number of countries in their RFA submission during the 2022 Reporting Period. Therefore, the exclusion of their data led to the reduction in the total count of countries reported in this year's summary statistics. Out of the 9% reclassified brands, 3% were reclassified due to the identification of CAHRAs in their supply chains. It is important to note that brands use a variety of methodologies to determine CAHRAs and have different processes for triggering Red Flags, so the outcome of CAHRA identification and Red Flags triggered will vary. As such, brands that have identified countries with some CAHRAs (referenced in Tables 5 and 6) have, at a minimum, provided confirmation that their sourced materials originate from regions not classified as conflict-affected and high-risk. Additionally, the LME reviewed the CAHRA determination methodologies used by these brands for their respective supply chains.

Furthermore, the LME notes a number of regions within countries are identified as CAHRAs in both the 2021 and 2022 Reporting Periods; these include regions of Burkina Faso, India, Mozambique, and Turkey. No country has been identified as wholly CAHRA in the 2022 Reporting Period, as would be expected for Track C brands.

When addressing questions related to suppliers' EITI implementation (referenced in Table 7), the LME noted progress in producers' engagement with financial transparency compared to the 2021 Reporting Period. This was demonstrated by an increased number of brands identifying and disclosing EITI reports from their suppliers when available. However, there is potential for improvement in showing what actions a producer's supplier takes with regard to financial transparency when sourcing from a country that does not implement EITI[11]. Only a few brands have refrained from providing any supplier-specific information or financial reports in their RFA, primarily citing confidentiality as the reason. Other brands were unable to find supplier EITI reports which was more common when traders were involved (a known gap in EITI reporting), further complicating the process with an additional layer in the supply chain.

Nonetheless, the LME saw a significant increase in the number of brands correctly identifying whether a country is implementing EITI and sharing country EITI reports in the 2022 Reporting Period, and looks forward to working further with brands to improve on the provision of supplier-specific EITI reports, which remains relatively small at present.

[11] The EITI is a voluntary initiative adopted by countries that choose to implement it based on their interest in promoting transparency and accountability in the extractive sector. Companies may also choose to follow EITI principles in non-implementing countries. It is important to note that the OECD Guidance (page 38) recommends all upstream companies to support the implementation of the principles and criteria set forth under the EITI. Linkages between the OECD Guidance and the EITI are explained in this joint document.

3.4 Section 4. SUPPLIER RED FLAG EVALUATION

Question a. Indicate where the "Relevant Companies" have operated in or sourced minerals during the Reporting Period.

Question b. Classify the locations provided in (a.) into either locations where no minerals are produced (such as headquarters, offices, or holding companies) or locations where minerals are produced.

Summary statistics:

Table 8 reports on all Relevant Company countries along with the metal(s) breakdown reported by the number of brands. New this year, all brands (100%) responded to question b, specifying whether the country is relevant to mineral production during the Reporting Period. “No Mineral Production” means the supplier’s location is a headquarters, trading desk, etc.

Table 8 Relevant Company countries

Country	Metal(s)	Mineral production	Number of LME brands
Angola	Lead, Zinc	No Mineral Production	6
Argentina	Zinc	Mineral Production	6
	Copper, Lead	Mineral Production	5
Australia	Aluminium	Mineral Production	13
	Lead	Mineral Production	10
	Zinc	Mineral Production	12
	Aluminium Alloy, NASAAC, Nickel	Mineral Production	5
Bolivia	Lead	Mineral Production	9
	Copper, Zinc	Mineral Production	12
Brazil	Aluminium	Mineral Production	10
	Zinc	Mineral Production	7
	Aluminium Alloy, Copper, Lead, NASAAC, Nickel	Mineral Production	10
Bulgaria	Lead, Zinc	Mineral Production	5
Canada	Aluminium	Mineral Production	7
	Lead	Mineral Production	9
	Zinc	Mineral Production	11
	Aluminium Alloy, Copper, NASAAC, Nickel	Mineral Production	10
Chile	Copper	Mineral Production	7

	Lead, Zinc	Mineral Production	6
China	Aluminium, Aluminium Alloy, Copper, Lead, Zinc	No Mineral Production	12
Colombia	Lead, Zinc	Mineral production, headquarters, offices, or holding companies	6
Cuba	Lead, Zinc	Mineral Production	5
Cyprus	Cobalt, Copper, Lead, Nickel	No Mineral Production	7
Democratic Republic of Congo	Copper, Lead, Zinc	Mineral production, headquarters, offices, or holding companies	8
Denmark	Lead, Nickel, Zinc	No Mineral Production	7
Ecuador	Lead, Zinc	No Mineral Production	6
France	Aluminium, Aluminium Alloy, Lead, Nickel	Mineral production, headquarters, offices, or holding companies	6
Germany	Aluminium Alloy, Lead, Nickel, Zinc	No Mineral Production	9
Ghana	Lead, Zinc	Mineral production, headquarters, offices, or holding companies	6
Greece	Lead, Zinc	Mineral Production	8
Guinea	Aluminium, Aluminium Alloy	Mineral Production	11
Honduras	Lead, Zinc	Mineral production, headquarters, offices, or holding companies	5
Iceland	Aluminium, Aluminium Alloy	Mineral production, headquarters, offices, or holding companies	6
India	Aluminium	Mineral Production	8
	Lead, Zinc	Mineral Production	12
Indonesia	Aluminium, Lead, Zinc	No Mineral Production	9
Ireland	Lead, Nickel	Mineral Production	7
Japan	Aluminium, Aluminium Alloy, Lead, Zinc	No Mineral Production	10
Kazakhstan	Copper, Lead	Mineral Production	8
	Zinc	Mineral Production	6
Luxembourg	Lead, Zinc	No Mineral Production	7

Mexico	Lead	Mineral Production	9
	Zinc	Mineral Production	7
Mongolia	Lead, Zinc	No Mineral Production	6
Morocco	Lead, Zinc	Mineral Production	8
Namibia	Lead, Zinc	Mineral Production	7
Netherlands	Lead	Mineral Production	9
	Aluminium, Aluminium Alloy, Zinc	Mineral Production	9
North Macedonia	Lead, Zinc	Mineral Production	10
Pakistan	Lead, Zinc	No Mineral Production	6
Panama	Copper, Lead, Zinc	No Mineral Production	7
Paraguay	Lead, Zinc	No Mineral Production	6
Peru	Lead	Mineral Production	9
	Zinc	Mineral Production	10
	Copper	Mineral Production	5
Philippines	Lead, Zinc	No Mineral Production	6
Romania	Lead, Zinc	No Mineral Production	6
Russia	Aluminium, Aluminium Alloy, Cobalt, Copper, Lead, Nickel, Zinc	Mineral Production	16
Serbia	Copper, Lead, Zinc	Mineral Production	6
Singapore	Lead, Zinc	No Mineral Production	11
South Africa	Zinc	Mineral Production	7
	Aluminium Alloy, Lead, Nickel	Mineral Production	5
South Korea	Lead, Zinc	No Mineral Production	7
Spain	Lead	Mineral Production	9
	Zinc	Mineral Production	8
	Aluminium, Aluminium Alloy, Copper	Mineral Production	8
Sweden	Lead	Mineral Production	8
	Aluminium, Aluminium Alloy, Nickel, Zinc	Mineral Production	6
Switzerland	Zinc	No Mineral Production	9
	Copper, Lead	No Mineral Production	6
Tajikistan	Lead, Zinc	Mineral Production	7

Tanzania	Lead, Zinc	No Mineral Production	6
Tunisia	Lead, Zinc	Mineral Production	7
Turkey	Lead	Mineral Production	9
	Copper, Zinc	Mineral Production	10
Ukraine	Lead, Zinc	No Mineral Production	6
United Arab Emirates	Aluminium, Copper, Lead, Zinc	No Mineral Production	11
United Kingdom	Zinc	No Mineral Production	11
	Copper, Lead, Nickel	No Mineral Production	8
United States	Aluminium	Mineral Production	14
	Lead	Mineral Production	9
	Zinc	Mineral Production	8
	Aluminium Alloy, Copper, NASAAC, Nickel	Mineral Production	9
Uzbekistan	Lead	Mineral Production	6
Vietnam	Aluminium, Lead, Zinc	No Mineral Production	9
Zambia	Copper, Lead, Nickel, Zinc	Mineral production, headquarters, offices, or holding companies	5
Albania, Bosnia and Herzegovina, British Virgin Islands, Burkina Faso, Dominican Republic, Eritrea, Finland, Hungary, Italy, Kosovo, Mauritania, Montenegro, New Zealand, Nigeria, Norway, Oman, Poland, Portugal, Saudi Arabia, Suriname, Taiwan, Zimbabwe	Aluminium, Aluminium Alloy, Copper, Lead, Nickel, Zinc	Mineral production, headquarters, offices, or holding companies	<5

Question c. Classify each country's CAHRA status:

(i) A country of which no area falls into the CAHRA definition;
(ii) A country of which all areas fall into the CAHRA definition; or
(iii) A country of which some, but not all areas fall into the CAHRA definition. In this case, indicate whether the operations are located within the CAHRA in the comment column.

Question d. If any CAHRAs are identified, provide confirmation that the Producer has secured evidence that the origin or transit of the material entering their feedstock was not sourced from the CAHRA that raised the OECD supplier red flag and that the Relevant Company has strong company-wide due diligence management systems.

Summary statistics:

Table 9 Country CAHRA evaluations by number of brands

Country	Metal(s)	Non-CAHRA	Some CAHRA	All CAHRA
Angola	Lead, Zinc	6	0	0
Argentina	Copper, Lead, Zinc	11	0	0
Australia	Aluminium, Aluminium Alloy, Lead, NASAAC, Nickel, Zinc	46	0	0
Bolivia	Copper, Lead, Zinc	23	0	0
Brazil	Aluminium, Aluminium Alloy, Copper, Lead, NASAAC, Nickel, Zinc	24	<5	0
Bulgaria	Lead, Zinc	5	0	0
Burkina Faso	Zinc	0	<5	0
Canada	Aluminium, Aluminium Alloy, Copper, Lead, NASAAC, Nickel, Zinc	43	0	0
Chile	Copper, Lead, Zinc	13	0	0
China	Aluminium, Aluminium Alloy, Copper, Lead, Zinc	12	0	0
Colombia	Lead, Zinc	0	6	0
Cuba	Lead, Zinc	5	0	0
Cyprus	Cobalt, Copper, Lead, Nickel	7	0	0
Democratic Republic of Congo	Copper	0	6	<5
Denmark	Lead, Nickel, Zinc	7	0	0
Ecuador	Lead, Zinc	6	0	0
France	Aluminium, Aluminium Alloy, Lead, Nickel	6	0	0
Germany	Aluminium Alloy, Lead, Nickel, Zinc	9	0	0
Ghana	Lead, Zinc	6	0	0
Greece	Lead, Zinc	10	0	0

Guinea	Aluminium, Aluminium Alloy	7	<5	<5
Honduras	Lead, Zinc	5	0	0
Iceland	Aluminium, Aluminium Alloy	6	0	0
India	Aluminium, Lead, Zinc	10	15	0
Indonesia	Aluminium, Lead, Zinc	9	0	0
Ireland	Lead, Nickel	9	0	0
Japan	Aluminium, Aluminium Alloy, Lead, Zinc	10	0	0
Kazakhstan	Copper, Lead, Zinc	16	0	0
Luxembourg	Lead, Zinc	7	0	0
Mexico	Lead, Zinc	24	18	0
Mongolia	Lead, Zinc	6	0	0
Morocco	Lead, Zinc	10	0	0
Namibia	Lead, Zinc	9	0	0
Netherlands	Aluminium, Aluminium Alloy, Lead, Zinc	22	0	0
North Macedonia	Lead, Zinc	12	0	0
Oman	Aluminium, Aluminium Alloy	0	<5	0
Pakistan	Lead, Zinc	0	6	0
Panama	Copper, Lead, Zinc	7	0	0
Paraguay	Lead, Zinc	6	0	0
Peru	Copper, Lead, Zinc	33	0	0
Philippines	Lead, Zinc	0	6	0
Romania	Lead, Zinc	6	0	0
Russia	Aluminium, Aluminium Alloy, Cobalt, Copper, Lead, Nickel, Zinc	13	<5	0
Saudi Arabia	Aluminium, Copper, Zinc	3	<5	0
Serbia	Copper, Lead, Zinc	7	0	0
Singapore	Lead, Zinc	11	0	0
South Africa	Aluminium Alloy, Lead, Nickel, Zinc	12	0	0
South Korea	Lead, Zinc	7	0	0
Spain	Aluminium, Aluminium Alloy, Copper, Lead, Zinc	27	0	0

Sweden	Aluminium, Aluminium Alloy, Lead, Nickel, Zinc	16	0	0
Switzerland	Copper, Lead, Zinc	16	0	0
Tajikistan	Lead, Zinc	9	0	0
Tanzania	Lead, Zinc	6	0	0
Tunisia	Lead, Zinc	9	0	0
Turkey	Copper, Lead, Zinc	5	15	0
Ukraine	Lead, Zinc	0	6	0
United Arab Emirates	Aluminium, Copper, Lead, Zinc	11	0	0
United Kingdom	Copper, Lead, Nickel, Zinc	19	0	0
United States	Aluminium, Aluminium Alloy, Copper, Lead, NASAAC, Nickel, Zinc	42	0	0
Uzbekistan	Lead	8	0	0
Vietnam	Aluminium, Lead, Zinc	9	0	0
Zambia	Copper, Lead, Nickel, Zinc	5	0	0
Zimbabwe	Lead	0	0	<5
Albania, Bosnia and Herzegovina, British Virgin Islands, Dominican Republic, Eritrea, Finland, Hungary, Italy, Kosovo, Mauritania, Montenegro, New Zealand, Nigeria, Norway, Poland, Portugal, Saudia Arabia, Suriname, Taiwan	Aluminium, Aluminium Alloy, Copper, Lead, Nickel, Zinc	<5	0	0

Question d. If any CAHRAs are identified, provide confirmation that the Producer has secured evidence that the origin or transit of the material entering their feedstock was not sourced from the CAHRA that raised the OECD supplier red flag and that the Relevant Company has strong company-wide due diligence management systems.

Summary statistics:

A total of 23% of brands identified countries as either partial CAHRAs or entirely CAHRAs and confirmed that their producers have evidence that the materials entering their feedstock did not originate or transit from the identified CAHRA, which lowered the supplier red flag through LME's acceptance process. These producers have also supplemented information to demonstrate strong company-wide due diligence management systems that is in place to identify risks associated with their supply chains.

LME commentary:

The LME notes that Section 4 reports 53% more countries than the source countries reported in Section 3, because it requires brands to identify all additional locations where their suppliers have locations relevant to the same mineral that is being supplied to them. For example, if a brand procures copper from a trader in Chile, all other locations associated with that trader, including trading desks that are relevant to copper, would be reported in Section 4.

Furthermore, it should be recognised that the countries identified with certain CAHRAs in Tables 5–6 (Section 3.3) may not correlate with those identified in Table 9 (Section 3.4). The LME notes that producers employ consistent CAHRA determination methodologies within their own RFAs and that any differences between these sections are due to producers using their own methodologies to report CAHRAs.

Generally, the LME saw improvement in brands' understanding of the questions in Section 4 during the 2022 Reporting Period and producers have broadened the scope to include relevant countries associated with their supply chains. However, there is still concern about inconsistent implementation of this question by producers as information relating to supplier ownership and beneficiary relationships (and more broadly categorised under "Relevant Companies") continues to be a complicating factor. For instance, when a producer is procuring Input Material from trader with a global presence, any country that is relevant to the trader can effectively be listed as a "Relevant Company Country" in question a in Section 4. This makes supplier due diligence challenging for the producer as the scope can be overly expansive. The LME continues to reference the Guidance Note on this topic. Despite these challenges, progress will be made over time with greater transparency in the mineral supply chain and increased communication between supply chain actors.

3.5 Section 5. RED FLAG ASSESSMENT

Question a. Is there any Input Material for the LME Brand where the origin is unable to be determined?

Question b. Do any of the countries identified in Section 3 LOCATION OF MINERAL ORIGIN AND TRANSIT EVALUATION fall into the CAHRA areas identified in 3.d?

Question c. Do any of the source countries identified in Section 3 LOCATION OF MINERAL ORIGIN AND TRANSIT EVALUATION receive a quantity of material that is out of keeping with the source country's known reserves and expected production levels as answered in 3.e?

Question d. Do any of the countries identified in Section 3 LOCATION OF MINERAL ORIGIN AND TRANSIT EVALUATION fall into the list of countries known to transit materials from CAHRAs identified in 3.f?

Question e. Do any of the countries identified in Section 4. SUPPLIER RED FLAG EVALUATION fall into the CAHRA areas identified in 4.c without confirmation provided in 4.d?

Question f. Is the answer to any of Section 5.a – 5.e positive?
If yes, the LME Brand is considered to have raised an OECD Red Flag and must use Track A.

Question g. Does the Producer fail to identify the EITI status of any of the source countries identified in Section 3 LOCATION OF MINERAL ORIGIN AND TRANSIT EVALUATION in 3.g.(i)?

Question h. Does the Producer fail to provide supplier's EITI disclosure information described in 3.g.(ii) for suppliers located in EITI-implementing countries?

Question i. Does the Producer believe that the Red Flag Assessment should result in a different outcome than indicated in 5.f? If so, then a full explanation must be given.

Summary statistics:

All brands responded negatively to questions in Section 5.

LME commentary:

As explained, any positive identification of a Red Flag in Section 5 would mean the brand is referred to Track A and not included in these summary statistics.

4 Conclusion

The LME very much appreciates producers' continued effort in implementing the OECD Guidance and engaging with the Track C RFA review process, and is greatly encouraged by the increased detail and sophistication in the Track C reporting in 2023 vs 2022. While many opportunities for enhancement remain, this progress demonstrates the commitment of LME producers to embedding responsible sourcing practices into their supply chains.

The LME looks forward to working with all producers and will be expecting improved RFAs from brands that received feedback requesting changes before the 2024 submissions. The LME is open to any feedback or enquiries, especially from producers aiming to comply with the LME's Responsible Sourcing Policy through Track C.

Finally, the LME would like to remind producers that the RFA disclosures for Track C will be anonymised for the reporting periods 2023 – 2024. However, if producers choose not to redact their RFAs, they are free to disclose fully attributed versions of their own RFAs ahead of the phased transparency timeline.