

To: All Members and other interested parties

Ref: 22/282

Classification: Brands

Date: 08 December 2022

Subject: **REQUEST FOR FEEDBACK ON PROPOSED AMENDMENTS TO THE LME RESPONSIBLE SOURCING POLICY**

Summary

1. The London Metal Exchange (“LME”) is requesting feedback to proposed minor amendments to the LME Policy on Responsible Sourcing of LME-Listed Brands (“the Policy”) and associated compliance documents, including the Red Flag Assessment Template and Secondary Materials Sourcing Attestation Form.

Background

2. The LME published the Policy in October 2019 (notice 19/130), and 2022 represents the first reporting year against the Policy. After reviewing the first year of compliance submissions, the LME is now proposing to incorporate minor amendments to the Policy and the associated compliance documents, including the Red Flag Assessment Template and Secondary Materials Sourcing Attestation Form.
3. These amendments do not represent a material change to the Policy, but are designed to: (i) better reflect how the LME processes compliance submissions; (ii) provide additional clarity where required; and (iii) improve the ease of reporting for Producers of LME-listed Brands.
4. Capitalised terms not defined herein have the meaning ascribed to them in the Policy.

Proposed amendments

5. The context and explanations for the proposed amendments are included in the relevant documents contained in Appendices B-H. Where appropriate, both redline and clean versions are attached, with feedback questions included in the redline versions. Where a redline version is not feasible due to extensive formatting changes (the Red Flag Assessment Template and the Secondary Materials Sourcing Attestation Form), the original and a revised version are both attached, with the feedback questions included in the revised version. Finally, the Red Flag Assessment Workbook (Appendix F) is a new document, so no redline or revised version is provided.



6. Appendix A sets out a complete list of questions on which the LME requests specific feedback. Additional responses / comments not in relation to these questions are also welcome.
7. In summary, however, the key changes for each document are as follows:
 - i. LME Policy on Responsible Sourcing of LME-Listed Brands
 - (a) The inclusion of Secondary Materials as Track D
 - (b) Clarification that the LME understands the possibility of exceptional cases where a Red Flag could be raised, but subsequently mitigated, and the procedure for reporting such cases
 - (c) Clarification of the timing period for Brands reclassified as Track A Brands subsequent to 30 June 2022
 - (d) Term definitions for “Input Materials”, “Primary Materials”, and “Secondary Materials”
 - ii. LME Red Flag Assessment Template
 - (a) Updates to Brand Information to clarify the contact information requested from the Producer
 - (b) Breakdown of question 2 on Company Management Systems to provide a distinct space for Producers to answer the sub-questions
 - (c) Separation of questions 3 and 4 (country-related questions) into a workbook (attached as Appendix F) to improve ease of reporting
 - (d) Clarification of expectations on grievance mechanisms, Extractive Industries Transparency Initiative-related requirements, Conflict-Affected and High-Risk Areas determination methodology, and interpretations of Supplier Red Flags to provide clarity and improve consistency
 - iii. LME Secondary Materials Sourcing Attestation Form
 - (a) Updates to Brand Information to clarify the contact information requested from the Producer and require a Reporting Period to be stated
 - (b) Re-framing of questions to reduce redundancy
 - (c) Requirement for one signature only rather than two

Feedback process

8. While the LME is not required to consult on these changes in line with the Policy (previously Clause 15, but Clause 16 in the redline and clean versions attached at Appendices B and C respectively), and notes the relatively minor set of revisions proposed herein, it remains the LME’s preference to seek feedback where possible.
9. As such, the LME would welcome the feedback of its market on the proposed amendments and in particular, Producers of LME-listed Brands and LME approved



partners (see <https://www.lme.com/en/About/Responsibility/Responsible-sourcing/Approved-partners>) involved in the LME responsible sourcing programme. The LME would also welcome feedback on other aspects of the LME responsible sourcing programme at this time.

10. For the avoidance of doubt, the proposed changes do not require any amendment to the LME Rulebook.
11. Market participants are asked to submit feedback to the LME Responsible Sourcing team at responsiblesourcing@lme.com. The LME requests that feedback is provided before 18:00 GMT on 16 January 2022.
12. Although the LME will consider responses submitted in any format, it would be helpful if respondents could reply to the numbered questions set out in Appendix A.
13. Any market participant wishing to ask questions or to seek clarification on any aspect of the attached papers, or to arrange a meeting, is asked to contact responsiblesourcing@lme.com.
14. The LME will communicate any changes and timeline publically to the market following the feedback period. In line with the Policy (previously Clause 15.5, but Clause 16.5 in the redline and clean versions attached at Appendices B and C), the LME will provide no less than 30 days' notice before any changes come into effect.

Nicole Hanson
Responsible Sourcing Manager

cc: Board directors
All committees

Appendices

- A. Request for feedback – list of questions
- B. LME Policy on Responsible Sourcing of LME-Listed Brands – redline 8-Dec-22
- C. LME Policy on Responsible Sourcing of LME-Listed Brands – clean
- D. LME Red Flag Assessment Template – original
- E. LME Red Flag Assessment Template – revised, with request for feedback questions
- F. Red Flag Assessment Workbook 8-Dec-22
- G. LME Secondary Materials Sourcing Attestation Form – original
- H. LME Secondary Materials Sourcing Attestation Form – revised, with request for feedback questions