LME
An HKEX Company

LME Red Flag Assessment Template

Reporting template for LME-listed Brands, version 2

Revision date: January 2023

LME RED FLAG ASSESSMENT TEMPLATE

Introduction

- This document constitutes the LME RFA Template (the “template”) for the purposes of the LME Policy on Responsible Sourcing of LME-Listed Brands (the “Policy”). This template and embedded workbook is only required for Brands following the Audited LME RFA Track (Track B) and the Published LME RFA Track (Track C). Capitalised terms not defined herein have the meaning ascribed to them in the Policy.
- This template is based on the “Supplement on Tin, Tantalum and Tungsten” of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, Third Edition. References to “OECD Guidance” in the context of this template should be interpreted accordingly.
- The purpose of the OECD Guidance is to help companies respect human rights and avoid contributing to conflict through their sourcing decisions, including the choice of their suppliers[1].
- Producers should consult the Policy for information on Reporting Periods, and submission deadlines; other contextual information may be found in the guidance notes published by the LME.
- Please submit all relevant documents in English, this includes the template, RFA workbook, and any supplemental documents the LME should consider as part of the submission.
- The RFA workbook is available here:

Microsoft Excel Worksheet

[1] OECD Guidance, page 12

Section 1. BRAND INFORMATION	
LME Brand Producer name[2]	
LME Brand name(s)[2,3]	
Reporting Period start date (DD/MM/YYYY)	01-Jan-2023
Reporting Period end date (DD/MM/YYYY)	31-Dec-2023
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	

[2] This may be found on the list of LME Approved Brands: https://www.lme.com/en/physical-services/brands/approved-brands

[3] In the majority of cases, each Brand will require a unique RFA. However, if multiple Brands are produced by the same Producer, and the responses to the RFA questions are identical for all said Brands, one RFA may be submitted for all Brands.

Section 2. COMPANY MANAGEMENT SYSTEMS

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.[4]

Please provide a link or a copy where available.

Our company has published a Responsible Sourcing Policy. A link to this policy is available on our website.
This policy is signed by our CFO(Chief Financial Officer).

This policy is in line with the internationally recognized principles as adopted by Sultanate of Oman and its laws. This requirement is mentioned within the policy. There is no specific mention to the United Nations sanctions resolutions. Since, Oman is a member of the UN and has adopted the UN resolutions in the past, it meets the requirement as mentioned in the model policy.

Our company have also developed a Human Rights Policy. This is available on our website. This policy is signed by our CEO(Chief Executive Officer).

Our CEO and CFO are the senior executives providing the corporate commitment to implement these policies. These policies provide basis for our company to implement due diligence system and monitor our suppliers to ensure compliance.

[4] OECD Guidance, page 20

b. Describe how this policy been communicated to suppliers, employees, and the public.[5]

The responsible sourcing policy and the the Human rights policy have been published on the our internet website. This information is available to all the stakeholders.
For our employees - these policies were communicated with an electronic communication during implementation.
For suppliers - The hyperlink to the policy is shared during the request for quote. Suppliers are encouraged to read the policy and implement the requirement.
For public - Policy is available on our website.

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.[6]

The management structure is shown in Annexure A.
We have published the responsible sourcing policy which is approved by our CFO and a human rights policy which is approved by our CEO. This demonstrates the senior management commitment. They also provide guidance and direction to implement the supply chain due diligence.Supply Chain Manager is directly responsible for implementing the supply chain due diligence policy.

[5] OECD Guidance, page 17
[6] OECD Guidance, page 17 and page 52

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[7] the Producer collects from suppliers,
   b. whether this information is required in commercial contracts with suppliers[8]
   c. the format of the record-keeping of the Producer (such as paper-based, computerised, digital leger technology, or part of an institutionalised mechanism)[8], and
   d. for how long this information is stored[8].

The system of controls and transparency in our company is through the vendor registration process and evidence gathering during the term of the contract.

In the vendor registration process, there is a question which requests the supplier to declare the list of countries from where they source the goods. If there are any countries which are listed as per UN sanctions, then we would not engage with that company. For a mineral producer, he is expected to declare if he is using any of the sanctioned countries.

Information specific to Alumina sourcing -
In all our Alumina contracts, sanctions and compliance clauses are included. A copy of the relevant clauses is enclosed in Annexure B. These clauses take care of the requirement as defined in the OECD guidance. The contract term binds both parties to comply with the requirement and ensures exchange of information between both parties. Our company has developed due diligence process and suppliers are audited based on this criteria.
- The alumina supply contract also mentions about the approved refinery and the approved load port. Our contracts only mentions refineries and load ports in Australia and Brazil.
- All the supplier records related to their mineral supply chain origin are kept in electronic format and are reviewed regularly. The most recent review happened in Dec 2023. Each shipment carries a certificate of origin which helps in maintaining the traceability for these minerals.
- Information is stored electronically. It is kept updated as long as the relationship with the supplier is active and conducting business with the supplier. The data is kept for a period of 10 years.

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

e. Describe the data the management system has yielded this Reporting Period and how it has strengthened the company's due diligence efforts.[9]

The most recent data gathering exercise has happened in Dec 2023 period.
All the submitted data has been reviewed and no red flags identified.

Specifically for Alumina, we had 3 sources during this period. We conducted site audit for one of the supplier who supplied the major volume during this reporting period. No red flags identified. Other 2 suppliers provided required information to confirm that there are no red flags.

We also verify the certificate of origin against each shipment and no red flags identified in the last year. All Alumina shipments originated from Australia.

f. Confirm that a company-level or industry-wide grievance mechanism has been established and provide evidence.[10]

Ou company has set up a grievance mechanism which is managed by an indenpendent third party service provider. All our contracts provide details of this reporting system. In addition to this, Our website also provides details of this mechanism.
The website provides guidance to our code of conduct and a link to a third party administered grievance reporting mechanism. This system helps to accurately record all the grievance and provide mechanism to track and address them.

[9] OECD Guidance, page 52
[10] OECD Guidance, page 17 with details on page 40

g. Describe the Producer's method for identifying Conflict-Affected and High-Risk Areas ("CAHRA").[11]

During the vendor registration process, the suppliers are asked to provide the information related to their origin/source of supply. The countries list is compared against the list of CAHRA.

In addition to this, during the bid submission stage, suppliers are asked to share the sourcing/manufacturing location details. This information is checked against the CAHRA. During evaluation, this information is considered and any non-compliant bid is excluded.

For identifying the CAHRA, we have developed an internal process which takes the references from European Union regulation (EU)2017/821, Responsible minerals initiative.(RMI), World bank and TDi Sustainability. This CAHRA list is reviewed by the senior management team to ensure data accuracy. The CARHA list is reviewed and updated on an annual basis.

As per the above mentioned CAHRA identification criteria, Australia does not feature in this list.

All 3 suppliers have sourced the material from Australian mines which are then further processed in their refineries in Australia during this reporting period.

[11] Though not directly referenced in the OECD Guidance, the LME requires this information to be disclosed as part of the transparency requirements for Track C. In line with the Policy, the LME expects that the definition of "conflict-affected and high-risk areas" will be as set out in the "Supplement on Gold" of the OECD Guidance page 66.

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

Use the workbook to provide the following information:

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.
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.
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.
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.
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.
f. For each of the countries identified, assess if this country known to transit materials from CAHRAs.
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[12]:
    (i) State whether or not the country is an EITI-implementing country[13];
    (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[14]. 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.

[12] The LME believes that financial crime and corruption risk represent important concerns for industry stakeholders. Accordingly, the LME is particularly keen to ensure that the principles of the EITI, as referenced on page 52 of the OECD Guidance, are embedded into global supply chains. As such, this template references the specific wording of the OECD Guidance in respect of EITI, but further requires that Producers explain broader disclosure on a per-country basis.
[13] The status of country's EITI implementation can be found here: https://eiti.org/countries
[14] Producers are encouraged to contact the EITI International Secretariat secretariat@eiti.org for support in finding and understanding supplier's reports.

Section 4. SUPPLIER RED FLAG EVALUATION

The Producer is expected to identify all intermediaries, consolidators, or other actors upstream in their supply chain through their management system[15]. This includes but is not limited to: traders who provide minerals to the Producer or the Producer's suppliers; parent companies of the Producer or the Producer's suppliers; and companies that have a controlling interest in the Producer or Producer's suppliers ("Relevant Companies"). The Producer then must identify whether any of the Relevant Companies operate in or source from CAHRAs[16].

If a Relevant Company operates in or sources minerals from a CAHRA, a potential OECD Red Flag is raised. Producers should verify through public sources, KYC checks, and engagement with suppliers to secure evidence (including spot checks as appropriate), that the supplier has strong company-wide due diligence management systems. If evidence is secured (and provided to the LME upon request) that minerals from a red flag location of mineral origin and transit have not entered the Brand's feedstock and the Relevant company has strong company-wide due diligence management systems, Producers may continue to use this template and follow the public disclosure requirements of the relevant Track. If no evidence is available, the supplier red flag remains and the Producer will be referred to Track A for enhanced due diligence with the support of an assurance framework[17].

Use the workbook to provide the following information:

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

[15] OECD Guidance, page 34, which refers to the information expected to be collected by Producers on page 37

[16] The LME is aware that the OECD Guidance goes further on this point, including countries with limited reserves or production levels and countries where minerals from CAHRAs are known to transit; however, the LME considers these points to be adequately covered in Section 3.

[17] The LME provides a guidance note on this topic: https://www.lme.com/en/About/Responsibility/Responsible-sourcing#Guidance-notes-and-webinars

Section 5. RED FLAG ASSESSMENT		
a.	Is there any Input Material for the LME Brand where the origin is unable to be determined?	☐ Yes ☑ No
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?	☐ Yes ☑ No
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?	☐ Yes ☑ No
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?	☐ Yes ☑ No
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?	☐ Yes ☑ No
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.	☐ Yes ☑ No
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)?	☐ Yes ☑ No
h.	Does the Producer fail to provide supplier's EITI disclosure information described in 3.g.(ii) for suppliers located in EITI-implementing countries?	☐ Yes ☑ No

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. Explanation:	☐ Yes ☑ No

Additional comments:

	Country identification			Red Flag 1	Red Flag 2	Red Flag 3	EITI Implementation			
Question from RFA	3.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.	3.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.	3.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.	3.d. Classify each country's Conflict-Affected or High-Risk Area ("CAHRA") status.	3.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.	3.f. For each of the countries identified, assess if this country known to transit materials from CAHRAs.	3.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			Additional comments
Clarification of required answers	Please enter the country name.	Please enter "Source" or "transit only".	Optional: you may enter the type of material sourced if desired.	Please enter country CAHRA evaluation as "No CAHRAs", "Some CAHRAs", or "All CAHRA". For "Some CAHRAs", provide specific region in comments column K.	For source countries only: Please enter Yes or No for source countries and NA for transit only countries.	For all countries: Please enter Yes if known to transit materials from CAHRAs or No if not.	For source countries only: (i) State whether or not the country is an EITI-implementing country. Please enter Yes or No for source countries and NA (Not Applicable) for transit only countries.	For source countries only: (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.	For source countries only: (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.	
	Australia	Source	Alumina	No CAHRA	Yes	No	No	NA	https://www.riotinto.com/en/invest/reports/taxes-paid-report. https://s29.q4cdn.com/844074237/files/doc_news/2023/01/4Q22-Alcoa-Financial-Results.pdf https://www.hydro.com/globalassets/06-investors/reports-and-presentations/annual-report/nhar23/integrated-annual-report-2023_eng.pdf	
	Oman	Producer location	Aluminium	No CAHRA	Yes	No	No	NA		

Question from RFA	4.a. Indicate where the Relevant Companies have operated in or sourced minerals during the Reporting Period.	4.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.	4.c. Classify each country's Conflict-Affected or High-Risk Area ("CAHRA") status.	4.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.
Clarification of required answers	Please enter the country name.	Please enter "No Mineral Production" or "Mineral Production"	Please enter country CAHRA evaluation as "No CAHRAs", "Some CAHRAs", or "All CAHRA".	
Example answers	Australia	Mineral and metal production,Head office	No CAHRAs	NA
	Brazil	Mineral and metal production	No CAHRAs	NA
	Canada	Mineral and metal production	No CAHRAs	NA
	Spain	Mineral and metal production	No CAHRAs	NA
	Guinea	Mineral production	All CAHRA's	Confirmed that material is not received from here. All Alumina is sourced from Australia and the supplier has confirmed using bauxite from within Australia
	Newzeland	Metal production	No CAHRAs	NA
	Iceland	Metal production	No CAHRAs	NA
	Hungary	Office	No CAHRAs	NA
	The Netherlands	Office	No CAHRAs	NA
	Norway	Metal production	No CAHRAs	NA
	United states	Metal production, Head quarters	No CAHRAs	NA
	Saudi arabia	Metal and mineral production	Some CAHRA's	Confirmed that material is not received from here. All Alumina is sourced from Australia and the supplier has confirmed using bauxite from within Australia

Appendix 1: Attachments

1. Annexure A - Management structure
2. Annexure B - Extract of the Alumina contract