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)	28-Jun-2024
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 implemented an Integrity Program whose main objectives are to minimize risks and promote a culture of ethical conduct and transparency. We believe that effective participation and responsibility of each employee in the workplace are crucial for building a robust ethical culture.

Our Code of Principles, along with all associated policies and procedures, establishes the standards of behavior that should guide all employees in the performance of their daily activities and company directors/managers in making strategic decisions within the framework of our company's Mission, Vision, Values, and Objectives.

The company also expects that, during their business relationships, suppliers maintain high ethical standards and adhere to the principles established by the United Nations Global Compact initiative and the rules provided by our Integrity Program, such as the Summarized Code of Principles for External Collaborators, the Anti-Corruption Policy, and the Statement of Ethical Conduct. External collaborators must also comply with the Conflict of Interest Declaration and the Verification Questionnaire. Our Code of Principles can be found in our website.

Additionally, all suppliers must sign the attached Summarized Code of Principles for External Collaborators, which also stipulates that: "This Summarized Code of Principles for External Collaborators summarizes the main aspects of our Code of Principles which is available to External Collaborators on our website. These aspects must be respected and complied with, as well as actively promote its compliance among external collaborators within their supply chain".

[4] OECD Guidance, page 20

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

Our employees have access to the Code of Principles and the associated policies and procedures through the SoftExpert system, and they adhere to these by signing them upon joining the company. Additionally, on the intranet, employees have direct access to these documents.

Furthermore, the Code of Principles is available on our website under the Integrity Program section, where reporting channels for both internal personnel and third parties are also made available.

Similarly, suppliers have received the Summarized Code of Principle for External Collaborators, the Anti-Corruption policy, the Statement of Ethical Conduct, and other relevant documentation via email communication.

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 Compliance Officer is responsible for all necessary actions for the existence, development and execution of the Integrity Program, with the assistance of the Audit Management and Legal Affairs Management. Similarly, the Commercial and Procurement Management departments assist in sending documentation, background verification, and compilation of due diligence documentation.

[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].

a. The required information consists of data aimed at background verification, acceptance of anti-corruption policies, ethical conduct and code of principles, conflict of interest declaration, and, if applicable, the relevant documentation required by the Authorized Economic Operator (AEO) program. More specifically, regarding imports, the supplier provides information for each shipment, including quantity of material, its origin, and beneficial ownership. This information is recorded and stored in our SAP DMS module. The transportation routes are required on a case-by-case basis and suppliers always respond to our request. This information only keeps recorded in emails exchanges.

b. Commercial contracts establish the obligation to comply with regulations, anti-corruption measures, and penalties.

c. A digital storage system has been developed within the SAP Document Management System (DMS) module, where documents related to due diligence are stores and linked to Customer and Supplier Masters as appropriate.

d. The information is stored for an indefinite period.

[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]

During this period and based on the Compliance Officer's management reports, it has been duly noted the effective implementation and compliance to Integrity Program. Ongoing training initiatives for staff, including the annual training plan and specific training sessions, have continued. Additionally, the management of the background verification system for external collaborators and the storage of related documentation has been maintained. Procedures has been updated accordingly, and efforts have been made to integrate these updates into the Annual Compliance Audit Plan for the Integrity Program, along with maintaining its risk matrix.

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

In accordance with the applicable legislation, our company has a compliance hotline and encourages its use for receiving inquires, request for guidance, complaints, or reports of situations or behaviors contrary to our Code of Principles in an anonymous and confidential manner. The reporting channels (telephone and web form) are available to external collaborators, such as our suppliers, on our website, under the Integrity Program section.

On the same website, there is an available form through which inquires, request for information and any other kind of messages can be submitted to different departments within the company.

Additionally, suppliers and customers receive periodic satisfaction surveys.

[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]

To identify Conflict-Affected and High-Risk Areas (CAHRA) our approach is based on a review of the information available in the Sustainability Report of our supplier. This report provides details about the countries where our supplier conduct mineral-related operations. Based on this information, we can stablish a framework for evaluating areas of interest.

In determining CAHRA´s we take into account the sources recommended by the London Metal Exchange (LME) listed in their document "Appendix C: Guidance Note on Conflict-Affected and High-Risk Areas (CAHRAs)" of their guidelines. Among these sources, those we have considered due to their free availability are the Indicative, non-exhaustive list of conflict-affected and high-risk areas under Regulation (EU) 2017/821 (CAHRA List), and the TDI Sustainability CAHRA Index. These tools allow us to identify regions and countries that may be at risk due to conflicts or high-risk situations.

When we identify that our supplier operates in a country classified as a CAHRA, we conduct a detailed analysis, which includes several key aspects:

*** Source of Raw Material: We examine the source of the raw material to ensure it is not sourced from conflict areas that could compromise the integrity of our supply chain.**

*** Logistic of Shipment and Transportation Routes: We evaluate the shipping ports and transit routes used for our raw material to identify and mitigate potential risks along the transportation route to its final destination.**

*** Supplier Certifications: We review whether our supplier has the corresponding certifications in the areas/countries**

[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.	
Answers	*Brazil*	*Source*	*Alumina*	*No CAHRAs*	*Yes*	*No*	*No*	*NA*	*alumina supplier is an EITI supporter*	
	Australia	*Source*	*Alumina*	*No CAHRAs*	*Yes*	*No*	*No*	*NA*	*alumina supplier is an EITI supporter*	
	Argentina	*Transit only*	*Alumina*	*No CAHRAs*	*NA*	*No*	*NA*	*NA*	*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 Production*	*No CAHRAs*	
	Brazil	*Mineral Production*	*No CAHRAs*	
	Guinea	*Mineral Production*	*CAHRAs*	*ASI provisional certification. We do not source material from this origin.*
	Saudi Arabia	*Mineral Production*	*No CAHRAs*	
	Spain	*Mineral Production*	*No CAHRAs*	
	Canada	*No Mineral productions*	*No CAHRAs*	
	Iceland	*No Mineral productions*	*No CAHRAs*	
	Norway	*No Mineral productions*	*No CAHRAs*	
	United States	*No Mineral productions*	*No CAHRAs*	

Appendix 1: Attachments
Ethical Conduct Statement – External Collaborator
Code of Principles – External Collaborator