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]	Producer A
LME Brand name(s)[2,3]	Redacted
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)	31-Jul-2024
Address of Brand producing site	Redacted
Website of Brand Producer	Redacted
Name of person submitting RFA	Redacted
Job title of person submitting RFA	Redacted
Phone number	Redacted
Email address	Redacted

[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.

At Producer A, we uphold the highest standards of integrity and accountability through our Code of Business Conduct. Our Code guides all individuals acting on behalf of Producer A, including employees, suppliers, and JV partners. It is available in multiple languages. The Code outlines the conduct we expect and serves as a foundation for making sound decisions. It reflects our dedication to ethical, responsible, and lawful practices. By adhering to the Code, we ensure that we align with our Purpose, Values, and Breakthroughs, enabling us to make the right choices as we pursue our goals.

Broader sustainability and human rights approach - As part of our broader human rights approach, Producer A is committed to sourcing responsibly, which includes an integrated set of activities to identify and manage human rights risks in our supply chain.
Our Sustainable Development Report and Modern Slavery Statement provides annual performance updates on our risk assessment processes including supplier on boarding, supplier risk mapping and due diligence, training and capacity building, grievance mechanisms and independent supplier audits.

Our suppliers are expected to operate to the same standards as Producer A and to adhere to Producer A Code of Business Conduct, Sustainability Policy and our Sustainability and Business Conduct they must follow Minimum Supplier Requirements.

[4] OECD Guidance, page 20

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

All employees are required to complete Code of Conduct training every three years, and our onsite inductions (completed by contractors and employees) include elements of the Code. Our Code, Sustainability Policy, Supplier Minimum Requirements and internal performance requirements regarding responsible sourcing, including our modern slavery due diligence program are available on our website and internal intranet.

We have recently launched our External Supplier Portal (available on our website), which significantly improves the access and availability of information to support suppliers at all stages of their engagement with Producer A, including:

- Outlining the expectations and requirements we place on our suppliers, such as complying with our Safety, Code of Business Conduct and Modern Slavery requirements
- Guides and information to support existing suppliers engaging in working with our systems
- Resources and training links including guidelines, terms and conditions, and more
- A dedicated contact form for suppliers to address their queries

Our suppliers are expected to operate to the same standards as Producer A and to adhere to Producer A, Code of Business Conduct, Sustainability Policy and our Sustainability and Business Conduct they must follow Minimum Supplier Requirements.

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]

Producer A Marketing manages the raw material sourcing and transportation of all bauxite and alumina from our X asset to our X smelters A and B. Marketing is responsible for the supply chain due diligence across supply of bauxite and alumina to the LME listed aluminium smelters.

General supply chain due diligence apart from alumina to smelters includes:
Producer A provide suppliers and customers with a link to Producer A Code of Business Conduct, Modern Slavery Statement, and other key sustainability documents.

Develop trusted relationships - ensure suppliers understand Producer A requirements and can speak up honestly with Producer A.
Use the Supplier self-assessment questionnaire to pre-screen for risks. Regularly discuss these issues throughout the lifetime of the contract as part of the contract management approach.

[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 relationship regarding the supply of alumina/bauxite to our LME listed smelters, Producer A operated and majority owned X asset supplies to our aluminium smelters A and B. As it is an intra company commercial relationship, and we manage the shipment and freight therefore, we have full transparency of this supply chain, supported by intra-company supply contracts

Format of compliance takes place through contract compliance and the contract itself.

All records are submitted and recorded through digital format. Information is stored as per regulatory compliance terms.

[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]

Data from the management system has yielded compliance to Producer A supply, this data has strengthened due diligence efforts as chartering journeys are documented. Emphasis for this report has taken place regarding the transit of bauxite and alumina material to our aluminium producer asset.

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

Producer A is committed to the highest standards of integrity and accountability.

Producer A has established a speak up policy Speak Up - Report a Business Conduct Concern

We encourage you to Speak Up when our values and standards are not being followed (a "Business Conduct Concern").

Our Speak Up Policy is our global `whistleblower policy', and is available to everyone.

It outlines how you can report a Business Conduct Concern, what happens when you do, and how we will protect you for doing so.

[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]

CAHRAs have been identified initially through reference to the Indicative, non-exhaustive list of Conflict-Afflicted and High-risk Areas under regulation (EU) 2017/821. However, noting that this list is rather limited following the Aluminium Stewardship Initiative recommendation as outlined within the Performance Standard, a cross-check against the Heidelberg Institute for International Conflict Research Barometer is conducted.

For the purpose of calender year 2023 the above were the methods used to identify CAHRAs.

[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
	Australia	Source	Bauxite and alumina	No CAHRAs	Yes	No	No	NA	Company publishes every year its annual tax transparency and payments to governments report. To learn more about company tax transparency reports, please visit [link]	
	Mozambique	Transit and destination	Bauxite and alumina	Some CAHRAs are identified however no materials are sourced and/or do not transit through this region	Yes	No	Yes https://eiti.org/sites/default/files/2023-01/ITIE%20Moc%CC%A7ambique_10o%20Relato%CC%81rio_ENG_1.pdf	Yes https://eiti.org/sites/default/files/2023-01/ITIE%20Moc%CC%A7ambique_10o%20Relato%CC%81rio_ENG_1.pdf	Company publishes every year its annual tax transparency and payments to governments report. To learn more about company tax transparency reports, please visit [link]	Region Cabo Delgado in Mozambique is considered a CAHRA and the materials we source do not come from this region.
	South Africa	Destination	Bauxite and alumina	No CAHRAs	Yes	No	No	NA	Company publishes every year its annual tax transparency and payments to governments report. To learn more about company tax transparency reports, please visit [link]	

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.
	Australia	Mineral Production	No CAHRAs	All bauxite and alumina material originates from company Operated bauxite mine and alumina refinery. [link]