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-Lip-2022
Reporting Period end date (DD/MM/YYYY)	30-Czerw-2023
Date of submission (DD/MM/YYYY)	15-Maj-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.

Producer has been pursuing a supply chain due diligence policy. We have a particular document on Due Diligence Policy (the Supply Chain Policy is available on our website), but also our activity is based and regulated by Code of Ethics. Code of Ethics regulates good business practices, transparency policy and responsible sourcing.
Everyone is responsible for compliance with the Code of Ethics in their own scope, and this is supervised by the Board of Directors through the Department Managers.
Following the Code of Ethics, we select clients who meet our requirements, conduct transparent commercial activities and have an impeccable reputation and are not involved in any conflicts.

Purchases are made exclusively from trusted and proven suppliers (Zinc and lead concentrates) . The portfolio of suppliers is mostly the same every year. With regard to the possible new suppliers, the process of choosing them is always individual. First the quality of the offered material is checked, and if ok, the supplier is checked through all possible sources, including reports from insurance companies. In case of any doubts, the supplier is not accepted. The final decision to possibly approve supplier takes place at the Board level.The supplier's data is never disclosed to third parties, unless required by law (national authorities, police, etc.).

We assess the reliability of the mine through the reliability of our suppliers. There are only two mines in our supplier portfolio. One of the mines belongs to the company that is also our owner. The second one is owned by an international, well known mining and trading company trusted by customers. Both mines are located in non-conflict areas and are managed in accordance to good business practices. Such knowledge is sufficient to rightfully select suppliers.

In our files, we keep the following documents, evidencing who the miner is, where the mine is located etc, enabling us to verify each

[4] OECD Guidance, page 20

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

Public:

- Our company's website has a section dedicated to Code of Ethics, Anti-Corruption Policy and also Supply Chain Policy. Everyone has unlimited access to read or download.

Link to our website:

Suppliers:

-Supplier contracts
The policy have been incorporated directly into our company's standard supplier contracts. These contracts include explanations to

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 structure responsible for producer's due diligence:

1. Managment/ Board of Directors
Ultimately responsible for setting the company's ethical standards and ensuring compliance with due diligence policies.
They allocate resources, approve policies, and hold oversight for the entire process.

2.Procurement/Sourcing Department:
Procurement Manager: Directly responsible for integrating due diligence measures into the sourcing process. They conduct initial assessments of potential suppliers.

[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].

Purchases are made exclusively from trusted and proven suppliers. The portfolio of suppliers is mostly the same every year. With regard to the possible new suppliers, the process is always individual. First the quality of offered material is checked, and if ok, then the supplier is checked through all possible sources, including reports from insurance companies. In case of any doubts, the supplier is not accepted. The final decision to possibly approve supplier takes place at the Board level.The supplier's data is never disclosed to third parties, unless required by law (national authorities, police, etc.).

We assess the reliability of the mine through the reliability of our suppliers. There are only two mines in our suppliers portfolio. One of the mines belongs to the company that is also our owner. The second one is owned by an international, well know mining and trading company trusted by customers. Both mines are located in non-conflict areas and are managed in accordance to good business practices. Such knowledge is sufficient to rightfully select suppliers.

In our files, we keep the following documents, evidencing who the miner is, where the mine is located etc, enabling us to verify each delivery:
- MSDS (paper based and computerised) (10 years information stored)
- Bills of Lading, CMRs (paper based and computerised) (10 years information stored)
- Customs clearance documents (paper based and computerised) (10 years information stored)

Our system is prepared – to request & store information related to taxes paid by our supplieries, beneficial ownership information, or mine of origin information

[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]

Producer has a full evidence of delivered material and we are able to check if deliveries are compliant with contract requirements, regarding both quality and quantity.

The data management system helps to collect data and transfer it to the relevant institutions and control authorities.

Data regarding responsible sourcing is stored in our system. Producer cooperates with long-term and proven customers who, during cooperation, supply raw materials from reliable and proven sources.

Information and knowledge which we have about our proven suppliers is equivalent with system of controls and transparency over our mineral supply chain.

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

Based on the code of ethics, our supply chain policy and the ISO 9001 standard, each entity cooperating with Producer has the option of submitting a complaint. These cases are verified and resolved in accordance with applicable regulations.

If a stakeholder identifies that one of our suppliers is not meeting our Code of Ethics, they can fill in the form on our website:

Since implementing our Code of Ethics and Anticorruptional Policy we have not noted any grievance.

[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 verify that our zinc concentrates do not originate from Conflict-Affected and High-Risk Areas (CAHRAs), we follow a multi-source approach. We consult current OECD publications on CAHRAs and supplement this information with research from the internet, press releases, and discussions with business and non-business partners, including industry groups like ILZSG and IZA. This comprehensive approach ensures we can definitively determine the source of our materials.

Databases and sources leveraged:

Armed Conflict Location & Event Data Project (ACLED). As of 12 October 2020: https://www.acleddata.com

Crisis Group. 2020. 'Crisis Watch. Tracking conflict worldwide.' Crisisgroup.org. As of 12 October 2020: https://www.crisisgroup.org/crisiswatch

Ciuta, Theodor and Constantin Ciupagea. 2019. 'The Raw Materials Supply Chain Viewer.' Publications Office of the European Union. As of 12 October 2020: https://ec.europa.eu/jrc/en/publication/raw-materials-supply-chain-viewer

International Peace Information Service (IPIS). IPIS website. Ipisresearch.be. As of 12 October 2020: https://ipisresearch.be/

Bureau of International Labor Affairs (ILAB). ILAB website and reports. As of 12 October 2020: https://www.dol.gov/agencies/ilab/our-work/child-forced-labor-trafficking

DELVE. 2020. DELVE website. Delvedatabase.org. As of 12 October 2020: https://delvedatabase.org/about

[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: NA	☐ 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*	*Zn and lead concentrate*	*No CAHRAs*	*Yes*	*No*	*No*	*NA*	*Yes*	The companies follow an anti-corruption and transparency policy
	Montenegro	*Source*	*Zn and lead concentrate*	*No CAHRAs*	*Yes*	*No*	*No*	*NA*	*Yes*	The companies follow an anti-corruption and transparency policy
	Serbia	*Transit only*	*Zn and lead concentrate*	*No CAHRAs*	*NA*	*No*	*NA*	*NA*	*NA*	
	Hungary	*Transit only*	*Zn and lead concentrate*	*No CAHRAs*	*NA*	*No*	*NA*	*NA*	*NA*	
	Czechia	*Transit only*	*Zn and lead concentrate*	*No CAHRAs*	*NA*	*No*	*NA*	*NA*	*NA*	
	Poland	Source and Transit	*Zn and lead concentrate*	*No CAHRAs*	*Yes*	*No*	*No*	*NA*	*Yes*	The companies follow an anti-corruption and transparency policy

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".	
	Montenegro	*Mineral Production*	*No CAHRAs*	
	Australia	*Mineral Production*	*No CAHRAs*	
	Poland	*Mineral Production*	*No CAHRAs*	

Appendix 1: Attachments

1. Code of ethics
2. Anti-corruption policy
3. Supply chain policy