

# LME Sustainability Afternoon

24 October 2022

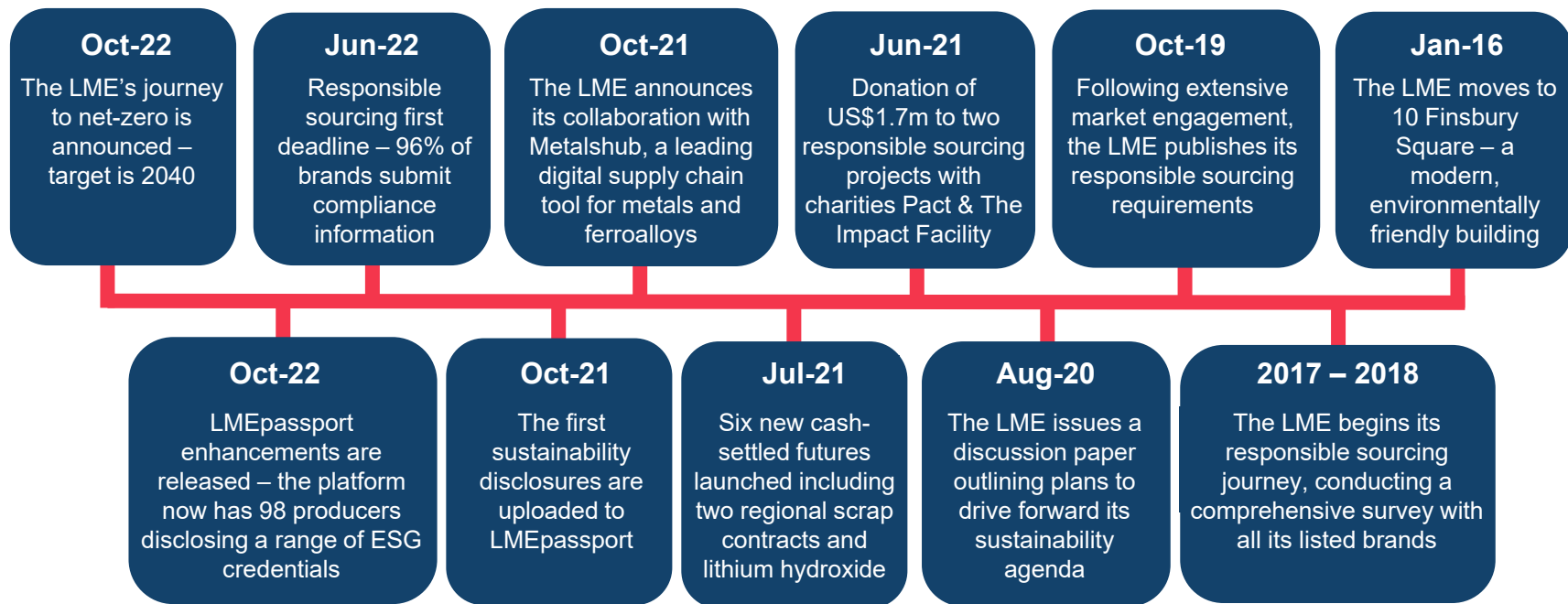


SETTING THE GLOBAL STANDARD

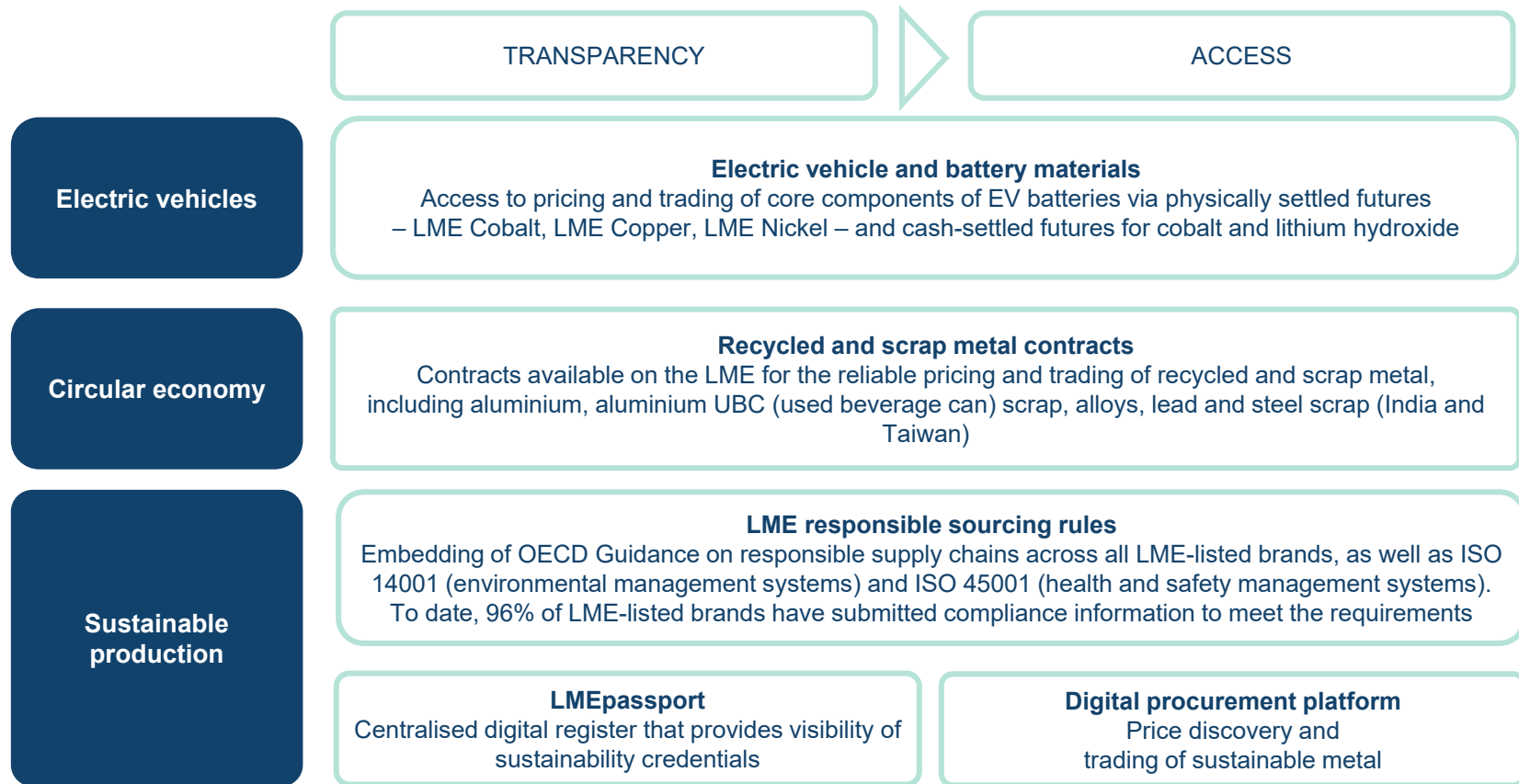


# Introduction

# The LME's sustainability journey



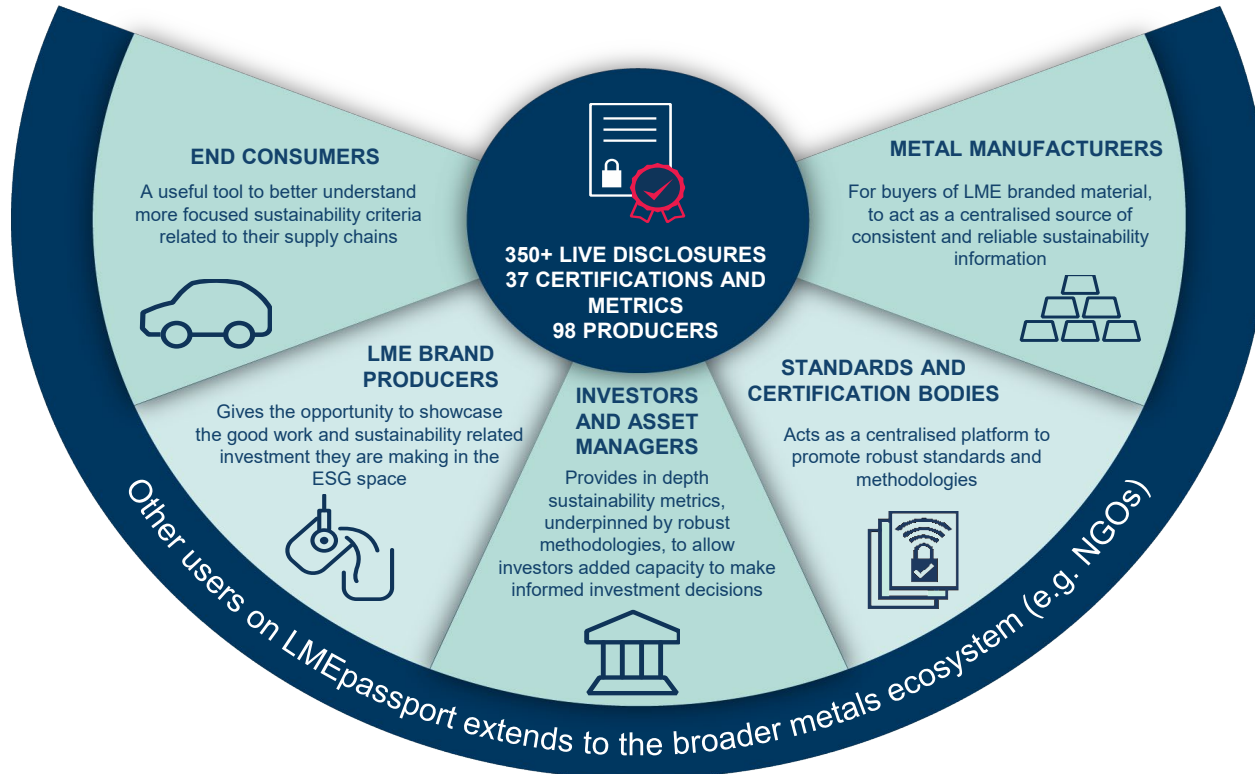
# Overview of LME sustainability



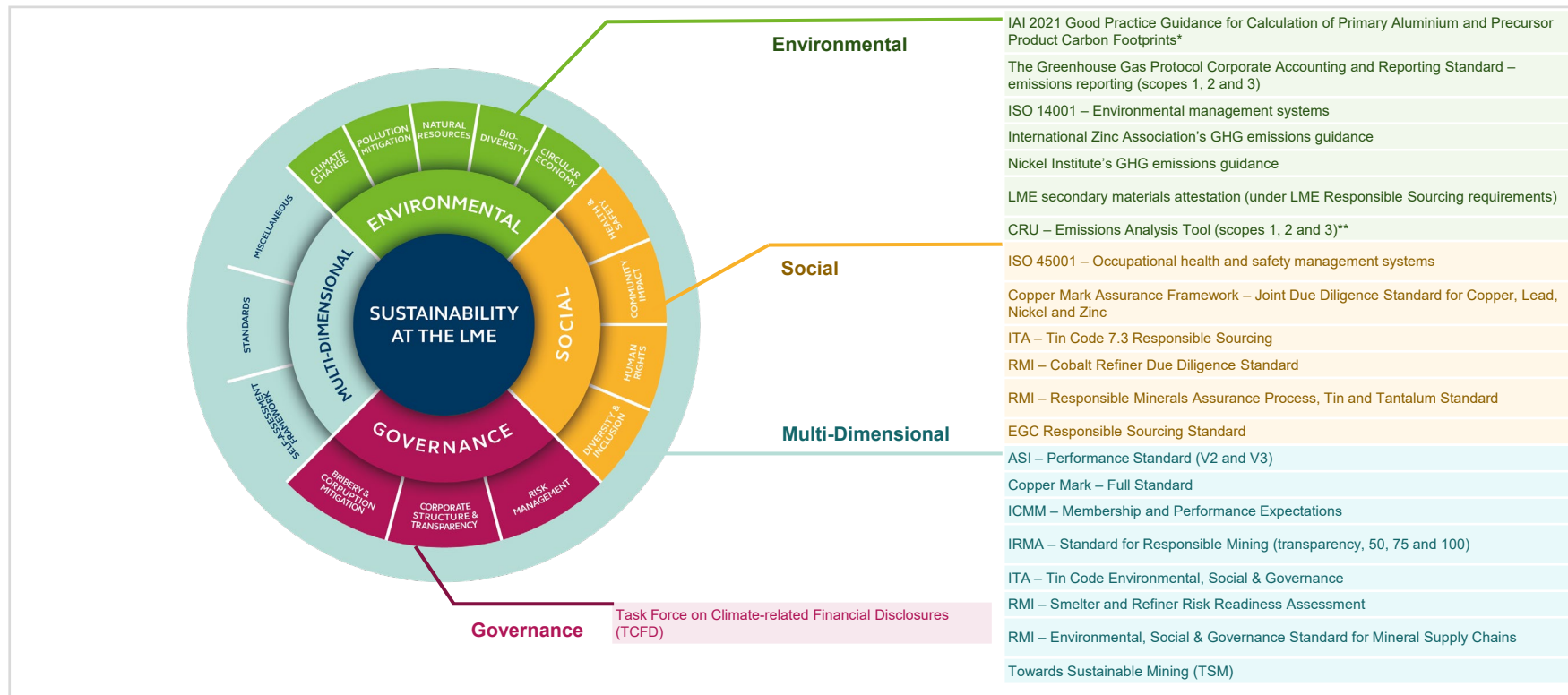
# LMEpassport – the drive to transparency and comparability

# LMEpassport sustainability – who is it for?

LMEpassport sustainability data is available free of charge to all of our stakeholders on the LME website. The system is for everyone. However, more specifically:



# LMEpassport approved certifications and methodologies



\* In August 2021, the IAI published its "Good Practice for Calculation of Primary Aluminium and Precursor Product Carbon Footprints" (available for disclosure on LMEpassport). For future disclosures related to IAI emissions guidance, the LME encourages producers of LME aluminium brands to use this most recent guidance

\*\* The CRU Emissions Analysis Tool provides independently assessed smelter emission ranges for scopes 1 & 2 along with an additional scope 3 category related to purchased anodes



# How can users share sustainability data with LMEpassport?

1. Theme / Sub-theme	2. Disclosure	3. Proof Point	4. Methodology <i>if needed</i>
<ul style="list-style-type: none"><li>High level segmentation of disclosures</li><li><i>e.g. Environmental - Pollution</i></li></ul>	<ul style="list-style-type: none"><li>Specific disclosures to be made</li><li><i>e.g. ISO 14001 - Environmental Management</i></li></ul>	<ul style="list-style-type: none"><li>Supporting documentation showing by whom and when the disclosure was made</li><li><i>e.g. ISO 14001 inspection and audit report</i></li></ul>	<ul style="list-style-type: none"><li>Detail around the methodology adopted under the disclosure</li><li><i>e.g. ISO 14001 web-page</i></li></ul>
<div>Dropdown list</div>	<div>Dropdown list and Populate configurable supporting fields<sub>1</sub></div>	<div>Free text or Web link or Document upload</div>	<div>Same as proof point or Free text or Web link or Document upload</div>
<div>Permitted users:  Producer</div>	<div>Permitted users:  Producer</div>	<div>Permitted users:  Producer</div>	<div>Permitted users:  Producer</div>





# The new dynamic LMEpassport sustainability platform

LMEpassport sustainability data is underpinned by new easy-to-navigate interface and search functionality

Filters & Search

Company

Assets

Metal

Value-Add Themes and Disclosures

Brand

Search

LME Deliverable

Search

Clear

Last updated on 21 October 2022 10:28:57 AM

COMPANY	ASSET	BRAND	LME DELIVERABLE	THEME	METAL	DISCLOSURE	DISCLOSURE LEVEL	VALID FROM	VALID TO	METRIC	METRIC LABEL/NOMINAL	PROOF POINT
Antofagasta Minerals	Minera Centinela	MET	Deliverable	Environmental - Climate Change - Corporate Emissions Reporting	COPPER - GRADE A	Total Scope 1 & Scope 2 - Total Emissions reporting - The Greenhouse Gas Protocol Corporate Accounting and Reporting Standard	Brand	01-Jan-2021	31-Dec-2021	999100	1 CO2-e	<a href="https://www.antofagasta.co.uk/media/4326/antofagasta-sustainability-report-2021-en.pdf">https://www.antofagasta.co.uk/media/4326/antofagasta-sustainability-report-2021-en.pdf</a>
Antofagasta Minerals	Minera Centinela	MET	Deliverable	Environmental - Climate Change - Corporate Emissions Reporting	COPPER - GRADE A	Scope 2 - Total Emissions Reporting - The Greenhouse Gas Protocol Corporate Accounting and Reporting Standard	Brand	01-Jan-2021	31-Dec-2021	556616	1 CO2-e	<a href="https://www.antofagasta.co.uk/media/4326/antofagasta-sustainability-report-2021-en.pdf">https://www.antofagasta.co.uk/media/4326/antofagasta-sustainability-report-2021-en.pdf</a>
Antofagasta Minerals	Minera Centinela	MET	Deliverable	Environmental - Climate Change - Corporate Emissions Reporting	COPPER - GRADE A	Scope 1 - Total Emissions Reporting - The Greenhouse Gas Protocol Corporate Accounting and Reporting Standard	Brand	01-Jan-2021	31-Dec-2021	439484	1 CO2-e	<a href="https://www.antofagasta.co.uk/media/4326/antofagasta-sustainability-report-2021-en.pdf">https://www.antofagasta.co.uk/media/4326/antofagasta-sustainability-report-2021-en.pdf</a>
Antofagasta Minerals	Compania Minera Zaldivar	ZALDIVAR	Deliverable	Environmental - Climate Change - Corporate Emissions Reporting	COPPER - GRADE A	Total Scope 1 & Scope 2 - Total Emissions reporting - The Greenhouse Gas Protocol Corporate Accounting and Reporting Standard	Brand	01-Jan-2021	31-Dec-2021	320630	1 CO2-e	<a href="https://www.antofagasta.co.uk/media/4326/antofagasta-sustainability-report-2021-en.pdf">https://www.antofagasta.co.uk/media/4326/antofagasta-sustainability-report-2021-en.pdf</a>
Antofagasta Minerals	Compania Minera Zaldivar	ZALDIVAR	Deliverable	Environmental - Climate Change - Corporate Emissions Reporting	COPPER - GRADE A	Scope 2 - Total Emissions Reporting - The Greenhouse Gas Protocol Corporate Accounting and Reporting Standard	Brand	01-Jan-2021	31-Dec-2021	163530	1 CO2-e	<a href="https://www.antofagasta.co.uk/media/4326/antofagasta-sustainability-report-2021-en.pdf">https://www.antofagasta.co.uk/media/4326/antofagasta-sustainability-report-2021-en.pdf</a>
Scope 1 - Total Emissions												



# LME Week – LMEpassport enhancements announcements

Ongoing  
evolution and  
growth of  
LMEpassport

## NEW CERTIFICATIONS

Enabling one emissions methodology for asset-level disclosures by metal



## GROWING USER PARTICIPATION

Increasing the number of LME brands using LMEpassport. Opening LMEpassport to facilitate the reporting of sustainability credentials for non-LME listed brands made by LME brand producers



## DYNAMIC SUSTAINABILITY WEBPAGE

Brand new user-friendly web page showcasing producer sustainability credentials and producer information



## Responsible sourcing – highlights from year one

# Agenda

**Get to know  
LME brands**



**Policy  
summary**



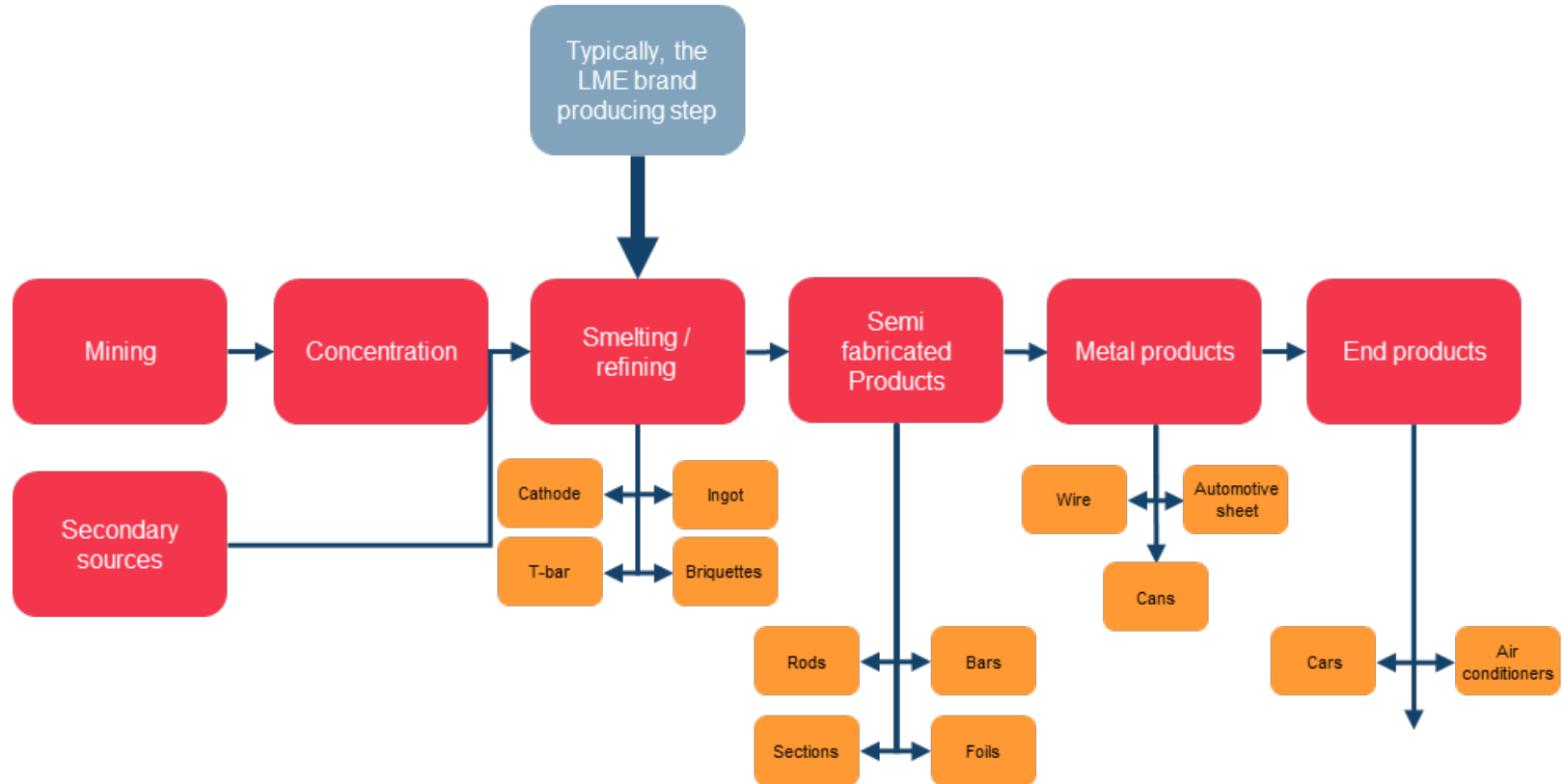
**Submission  
statistics**



**Reflections and  
next steps**



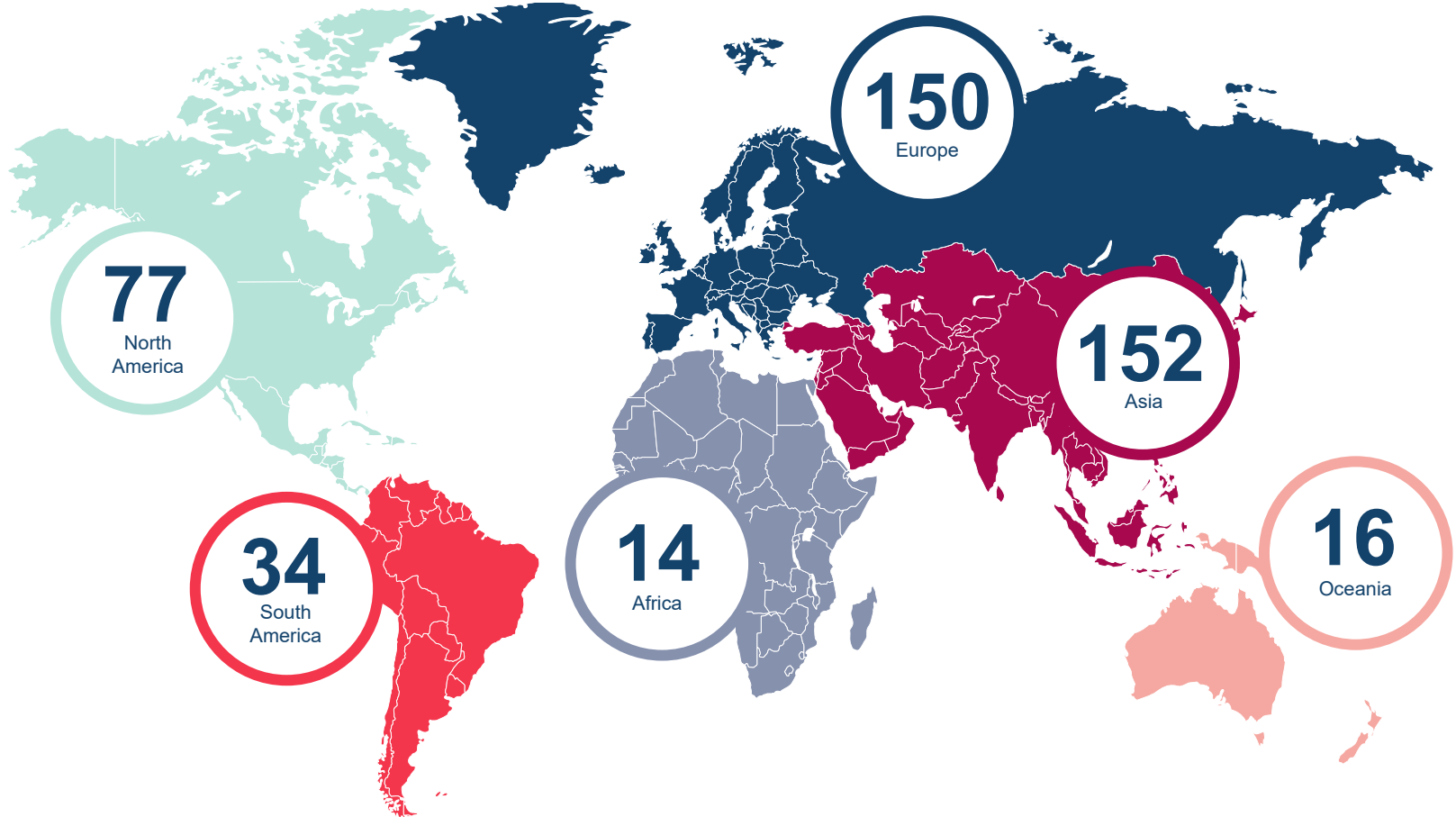
# Metals value chain



## LME-listed brands breakdown by metals

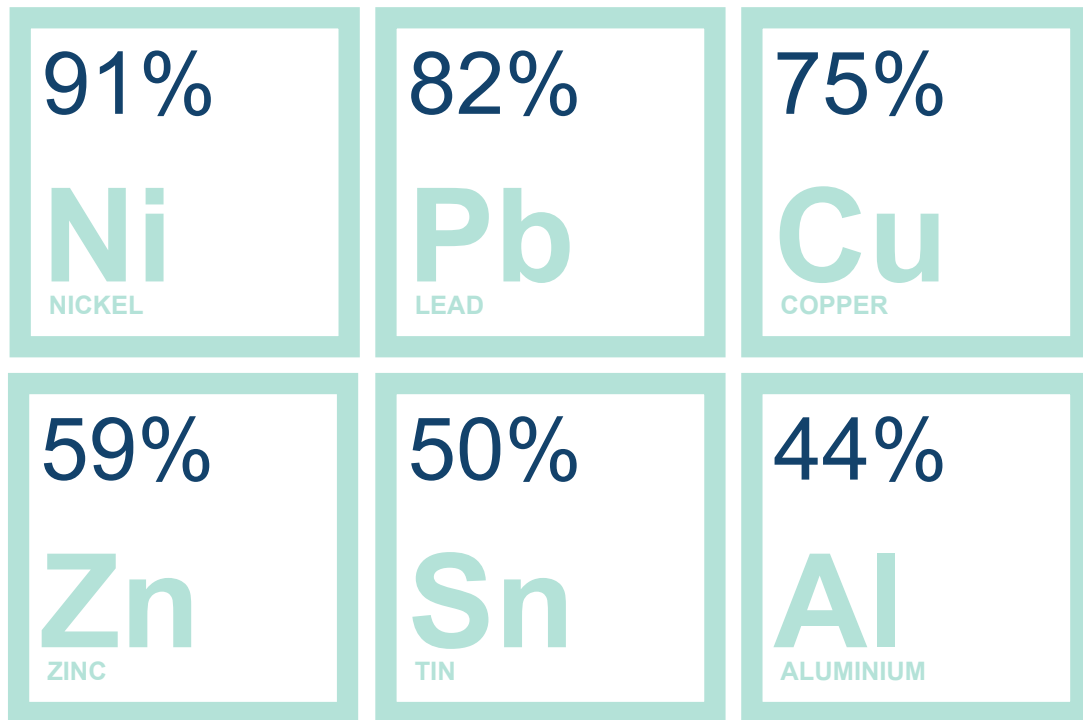


## LME-listed brand producer locations



# Representation of metals by LME-listed brands

Annual percentage of production represented by LME brands for LME deliverable shapes, estimates only



1. LME brand production figures collated from 2020 and 2018 LME brand surveys, with the most recent referred to if available.
2. When surveys not available, either plant capacity or WBMS refined production referred to (assuming LME brand sole national producer).
3. LME production by country cross referenced with WBMS refined production per country.





# Responsible sourcing requirements for LME-listed brands

OECD Due Diligence Guidance  
for Responsible Supply Chains  
of Minerals from Conflict-  
Affected and High-Risk Areas

ISO 14001: Environmental  
Management System or  
equivalent

ISO 45001/OHSAS 18001:  
Occupational Health & Safety  
Management System or  
equivalent



Requirements  
introduced  
25 October 2019



First deadline for  
OECD Guidance  
30 June 2022



Today


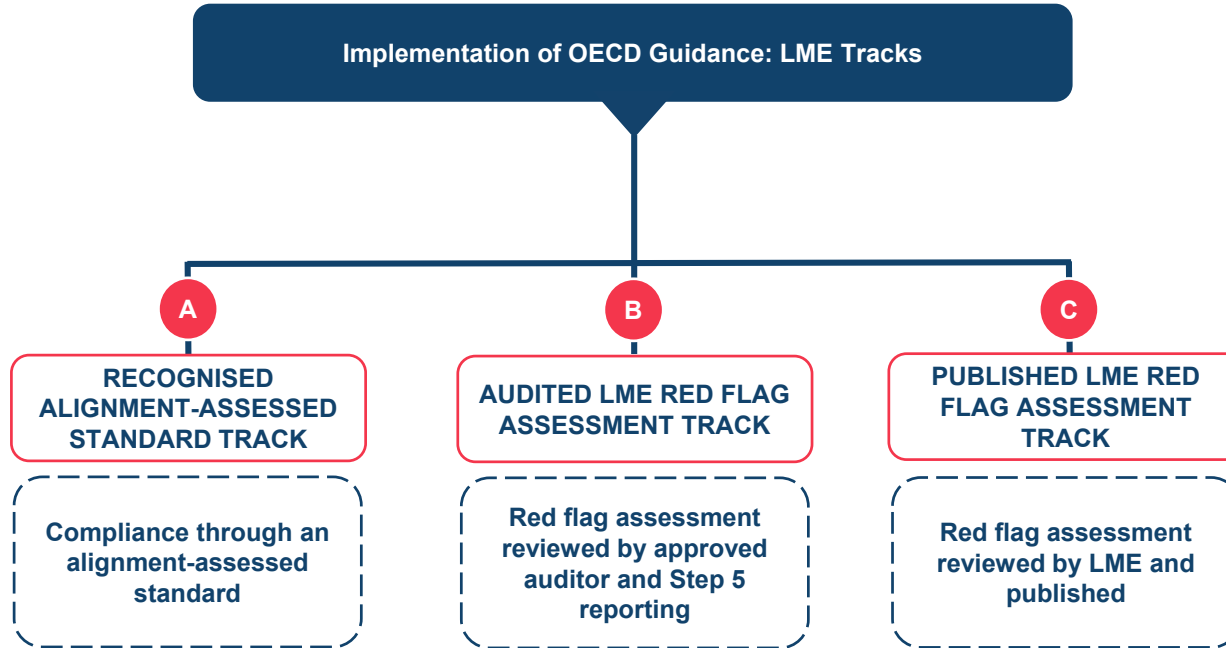


First deadline for ISO compliance  
and Track A proof points  
31 December 2023

1. Requirements apply to all LME-listed producers of physically settled contracts. For details, please refer to the LME policy found on our website:  
<https://www.lme.com/en/Company/Responsibility/Responsible-sourcing>



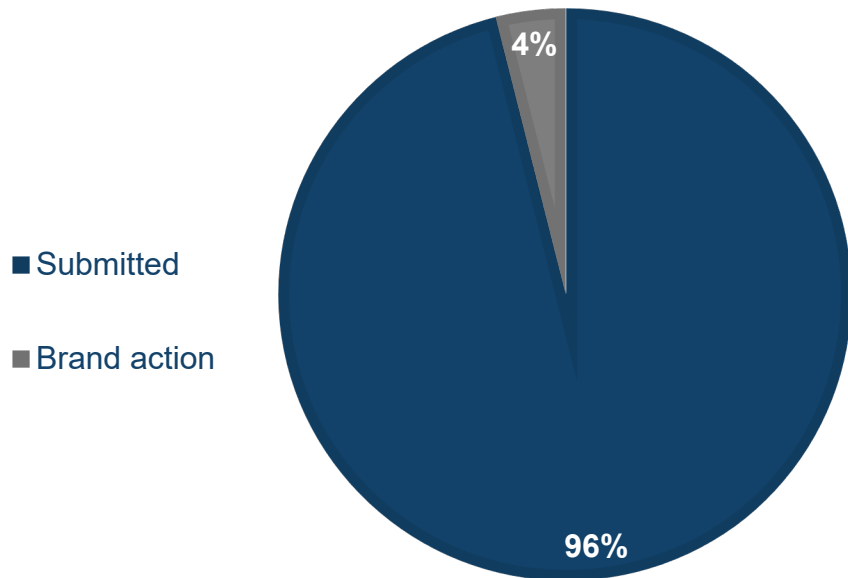
# Summary of tracks to OECD Guidance implementation



**SECONDARY MATERIAL ATTESTATION FORM**

Brands sourcing 100% of their LME metal from secondary material sources are excluded from the OECD Guidance requirement

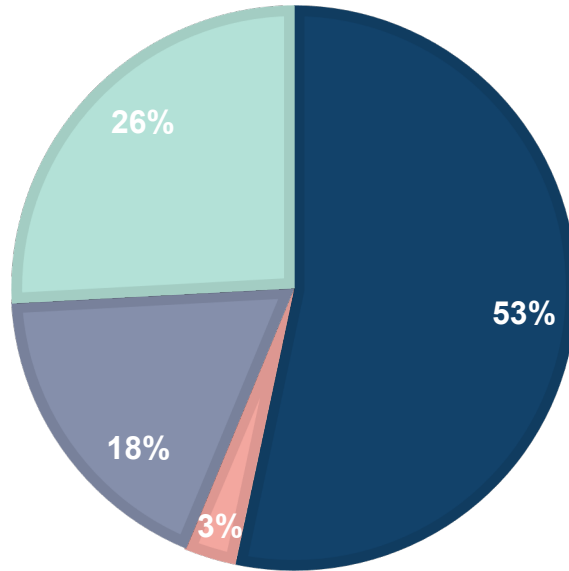
## Key LME responsible sourcing programme update



- 96% of the LME brands submitted information in order to comply with the first responsible sourcing deadline, an outstanding result for a new initiative that spans 9 metal categories and 54 countries
- Lead, aluminium alloy, primary aluminium, copper, NASAAC and zinc have all seen brands de-list / suspend since the 30 June 2022 deadline
- Similarly, de-listings have happened with brands from China, UK, Japan, Canada, Lao PDR, Austria, Malaysia, Ukraine and Italy

# Track breakdown

- Track A - Alignment-Assessed Standard
- Track B - Audited LME Red Flag Assessment
- Track C - Published LME Red Flag Assessment
- Secondary Materials Attestation

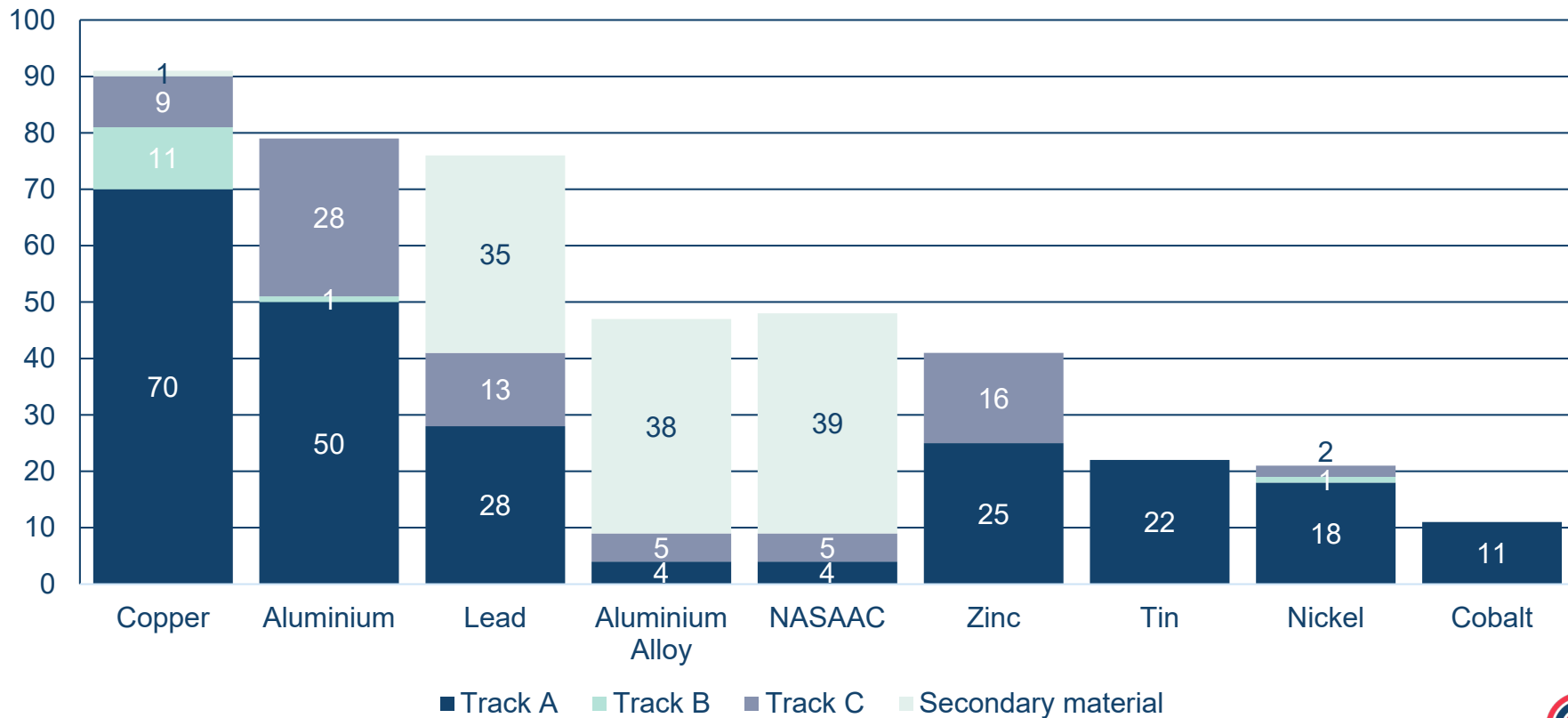


- Track A was the most selected
- Track B was the least selected
- $\frac{1}{4}$  of LME listed brands are produced with 100% secondary material

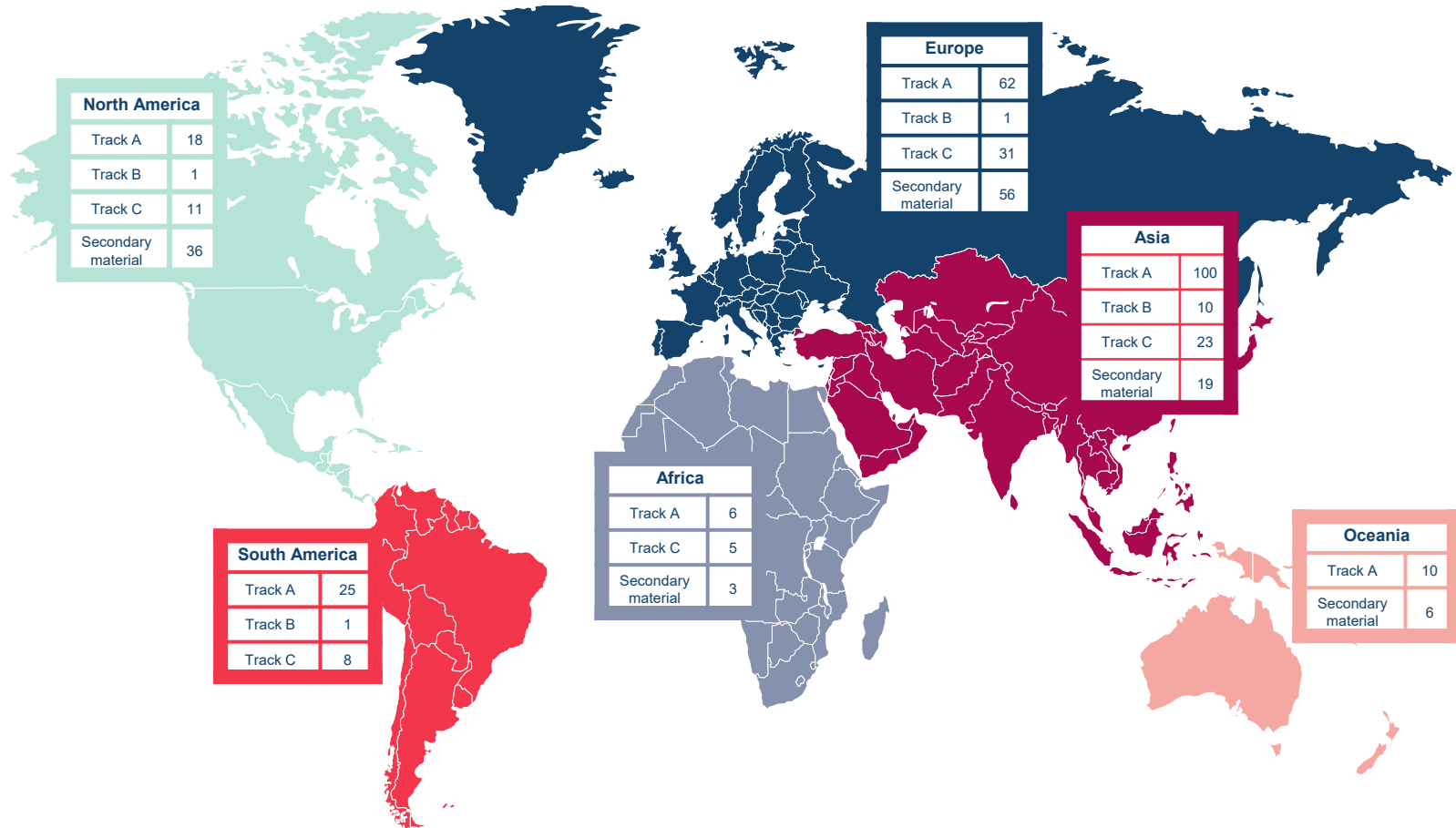


# Tracks selected by metal

443 brands are listed on the LME as of October 2022



# LME-listed brand producer locations



# Progress and opportunities

## Positive developments

- LME brand producers are committed to implementing the OECD Guidance
- The OECD Guidance works as a framework for responsible sourcing, even for non-3TG metals
- Recognition of existing industry initiatives fit into the LME's process, enabling the LME to build on existing work in the sector

## Areas for improvement

- CAHRA identification, especially in non-3TG sectors, is still developing
- OECD Guidance interpretation questions for non-3TG metals remain, including supplier red flags and relevance of certain criteria
- Implementation of the principles of EITI along the value chain is a challenge, especially beyond EITI implementing countries and beyond the mining stage
- Governance and assurance requirements vary between Track A standards
- Monitoring and evaluation of the OECD Guidance is not yet standardised

1. OECD Guidance: OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas  
2. 3TG: tin, tantalum, tungsten, and gold  
3. CAHRA: Conflict-Affected and High-Risk Area  
4. EITI: Extractive Industries Transparency Initiative



# Are we meeting our goals?

## 1. Ethical responsibilities



- The LME believes the industry has an ethical imperative to embrace principles of responsible sourcing
- The LME is a seller's option market, which means that a buyer of metal on the LME may be delivered metal of any LME brand. The LME cannot accept a situation where consumers are required to take delivery of metal which is not responsibly sourced

## 2. Commercial



- The fundamental service of the LME is to price metals and the LME price will generally be the price of the least valuable brand in its brand lists
- The LME must act to ensure its price reflects the value of responsibly sourced metal, and is not artificially depressed by metal which is not sourced in such a manner

## 3. Providing leadership



- The LME has listened to calls to take a leading role. These calls arose because the LME can most efficiently promote a centralised process
- The LME will provide leadership in a way that leverages its knowledge of the market, respects logistical challenges, builds on existing work, and provides appropriate support to producers





# Are we meeting our goals?

## Are we facilitating the embrace of the principles of responsible sourcing in the metals industry?



- Yes, as demonstrated by the high response rate of producers and full-time staff dedicated to supporting producers in the process.

## Does the LME price reflect the value of responsibly sourced metal?



- Not yet, though 2022 marks a significant moment in LME's responsible sourcing policy implementation. There are milestones still to come before we can be confident that price is reflective of responsibly sourced metal.

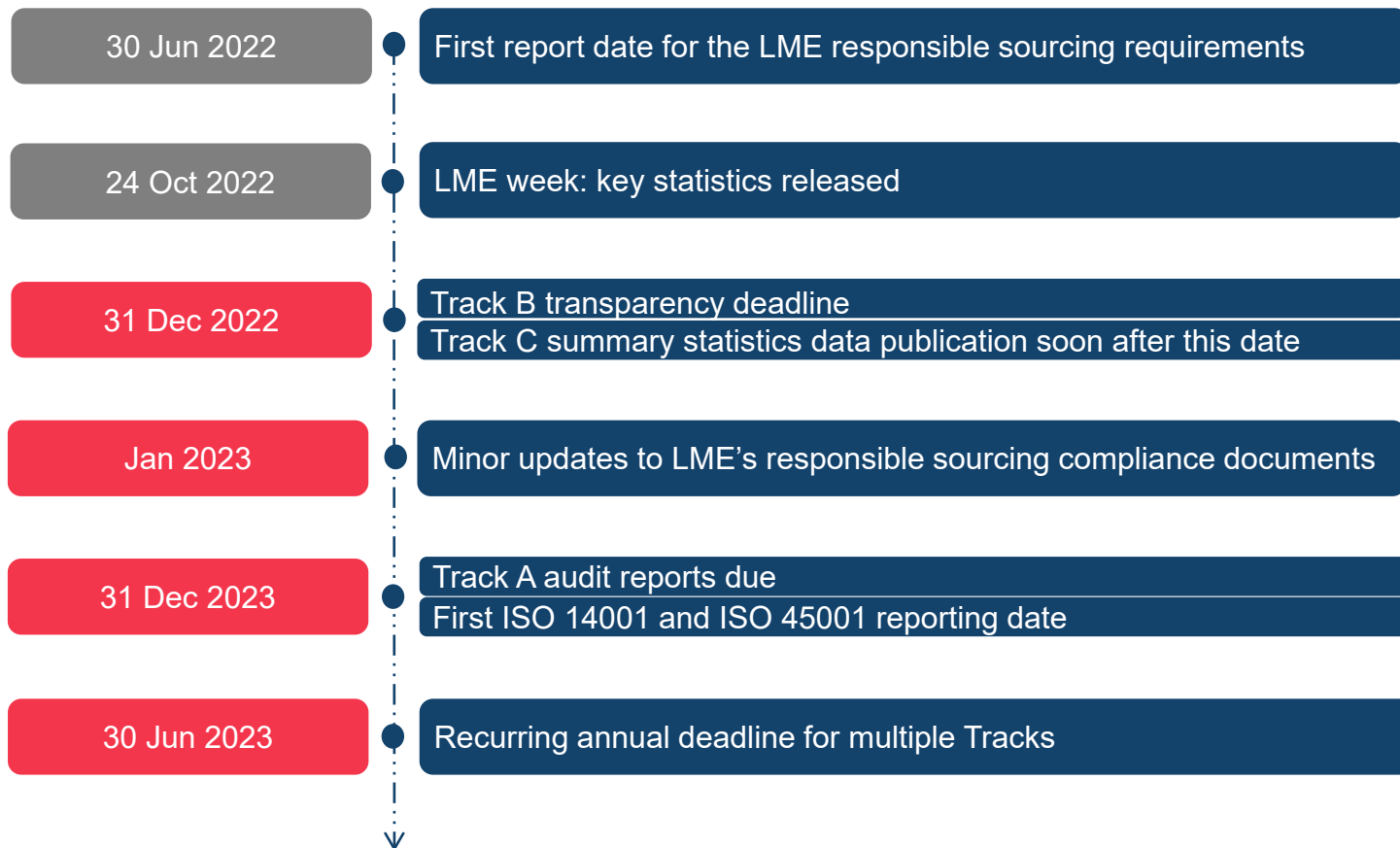
## Are we leading well with a centralised and efficient process?



- The number of brands complying and the expansion of alignment assessment across standards encourages the LME that we are leading well.



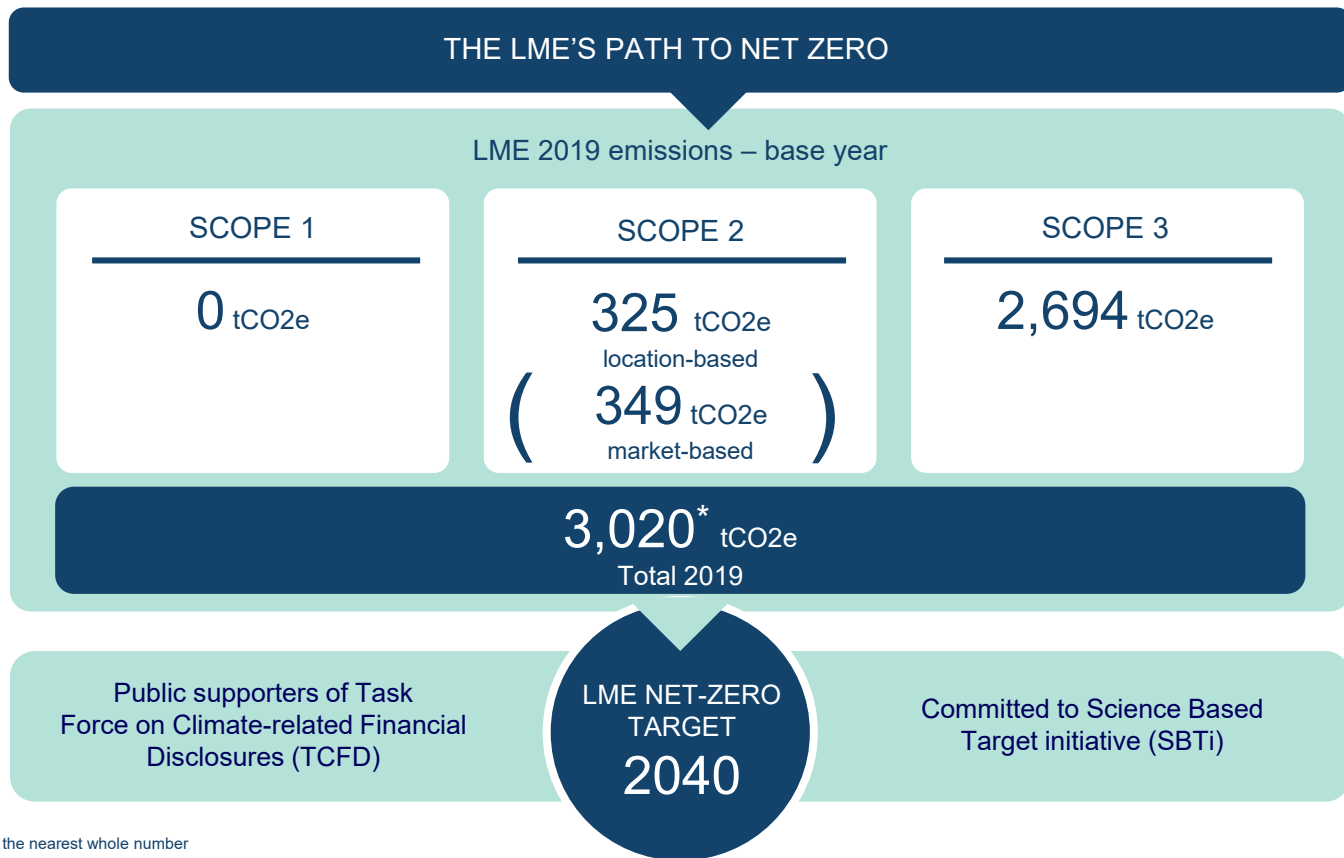
# Key dates for the responsible sourcing programme



# The producer view – independent assessment of progress

# Walking the walk: net zero plans

# LME net-zero plans



\*This figure is rounded up to the nearest whole number



# The ESG debate

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