

LME Sustainability Overview



SETTING THE GLOBAL STANDARD

Metals are an essential enabler of a sustainable future, and as global demand for metals increases, so have the expectations on sustainable standards and production. Within our own business, and in the metals and mining industries more widely, the LME is committed to both driving and lending support to sustainability initiatives.

We offer metal market participants greater transparency of, and access to, sustainably produced metal (like low carbon aluminium) as well as to metal that itself plays a significant role in global decarbonisation and the circular economy – such as EV materials and scrap metals.

We have a collective responsibility to drive meaningful change in this space. Working together we can make metals the cornerstone of a sustainable future.

What's in this overview?

The LME's Sustainability journey

The LME first set out its sustainability strategy in 2020 after a wide-ranging consultation with market stakeholders and beyond. Here we set out in more detail the steps we have taken to get to this point and where we plan to go next.

The LME's path to net-zero carbon

We are committed to not only encouraging a move towards net-zero carbon goals within the metals and mining industries, but to being open and transparent about our own objectives in this area. Find out more about the LME's aims to achieve net-zero carbon status by 2040.

The evolution of LMEpassport

Our digital register, launched in 2021, allows metal brand producers to share and highlight the sustainability credentials and metrics of their metals. New developments and functionality will expand the system's availability to a greater range of users and increase the approved environmental, social and governance certifications against which sustainability disclosures can be made.

LME metal brands and responsible sourcing

Following the first major reporting deadline of our responsible sourcing programme on 30 June 2022, we are very pleased that 96% of our LME-listed metal brands submitted their compliance information. We give more in-depth insights into the statistics behind that first submission deadline, and what's coming next.

	TRANSPARENCY	>	ACCESS
Electric vehicles	Electric vehicle and battery materials Access to trade core components of EV batteries via physically settled futures – LME Cobalt, LME Copper, LME Nickel - and cash-settled futures for cobalt and lithium hydroxide		
Circular economy	Recycled and scrap metal contracts Contracts available on the LME for the reliable pricing and trading of recycled and scrap metal, including aluminium, aluminium UBC (used beverage can) scrap, alloys, lead and steel scrap (India and Taiwan)		
Sustainable production	LME responsible sourcing rules Embedding of OECD Guidance on responsible supply chains across all LME-listed brands, as well as ISO 14001 (environmental management systems) and ISO 45001 (health and safety management). In September 2022, 96% of LME-listed brands submitted their compliance information for the responsible sourcing requirements		
	LMEpassport Centralised digital register that provides visibility of sustainability credentials		Spot trading platform Price discovery and trading of sustainable metal

The LME's sustainability journey

Metals are an essential enabler of a sustainable future, and as global demand for metals increases, so will the expectations on the industry's sustainable transition. The LME has played an active role in advancing sustainability and ESG considerations within the metals and mining industry.

2022

The LME's journey to net zero (October 2022)

The LME has committed to achieve net-zero emissions by 2040. In order to reach this target, the LME has publicly committed to the Science Based Targets initiative (SBTi) and the Task Force on Climate-Related Financial Disclosures (TCFD).

LMEpassport enhancements (October 2022)

Since its launch in 2021, LMEpassport sustainability disclosures have multiplied and new certifications and metrics have been added. As of October 2022, 98 producers are disclosing their ESG credentials on the platform. The LME has also launched a new dynamic sustainability webpage that greatly enhances user experience.

Responsible sourcing: first compliance deadline (June 2022)

The LME reached its first compliance deadline for the LME's responsible sourcing in 2019. LME brands were required to send in a range of compliance related information to ensure they are meeting the mandatory rules set out by the LME.

2021

Launch of LMEpassport for sustainability disclosures (October 2021)

The first sustainability disclosures were registered on the LME's centralised digital credentials register, LMEpassport. For the launch, nine producers listed disclosures under the LME's sustainability taxonomy, which covers environmental, social and governance spheres designed to ensure that all aspects of the sustainability world are reflected.

Collaboration with Metalshub (October 2021)

The LME announced its collaboration with Metalshub, a leading digital supply chain tool for metals and ferroalloys. The collaboration is central to the LME's sustainability agenda, which aims to provide greater transparency and market access to sustainably produced metals, with Metalshub able to offer a digital solution for such products.

The LME launches six new cash-settled futures (July 2021)

Six new cash-settled futures include two regional scrap contracts, lithium hydroxide, European HRC, aluminium scrap and a duty unpaid European aluminium premium contract. These offer pricing and risk management solutions for metals that support the electric vehicle (EV) transition and circular economy.

The LME donates US\$1.7 million to two responsible sourcing charities (June 2021)

The LME partnered with charities Pact and The Impact Facility to fund two responsible sourcing projects. The two charitable projects were designed to address instances of the worst forms of child labour in mineral supply chains – a community-based partnership with Pact in Zambia, and the LME School Improvement Fund in partnership with The Impact Facility (TIF) in the Democratic Republic of Congo (DRC).

2020

The LME releases a discussion paper on sustainability strategy (August 2020)

The LME issued a discussion paper outlining plans to drive forward its sustainability agenda. The discussion paper laid out the LME's framework to support metals as the cornerstone for a sustainable future, building on the work already undertaken in embedding responsible sourcing standards into LME brand supply chains. This focused on providing transparency around, pricing of, and access to sustainable metals, including new contracts, centralised data transparency, and a digital procurement platform.

2019

The LME publishes its responsible sourcing requirements

Following a formal market-wide consultation on proposals underpinned by the Organisation for Economic Co-operation and Development (OECD) Due Diligence Guidance, the LME introduced responsible sourcing requirements for the metals underpinning its physically settled contracts (aluminium alloy, cobalt, copper, lead, NASAAC, nickel, primary aluminium, tin and zinc).

2017 – 2018

The LME begins its responsible sourcing journey

In 2017, the LME conducted a comprehensive responsible sourcing survey with all its listed brands to ascertain work that was already being undertaken on this topic. Following this, in October 2018, a proposed approach to responsible sourcing was published, starting two years of market engagement on the LME's approach.

2016

The LME's London office relocates to 10 Finsbury Square

The LME London office moved to a new location at 10 Finsbury Square, a building where environmental credentials were fundamental to the design and have been classified as "excellent" under BREEAM.

Contracts at the LME which support the sustainable transition

Metal	Date contract launched	Supporting the sustainable transition
LME Aluminium UBC Scrap US (Argus)	2021	Circular economy
LME Lithium Hydroxide CIF (Fastmarkets MB)	2021	Battery metals
LME Steel Scrap CFR India (Platts)	2021	Circular economy
LME Steel Scrap CFR Taiwan (Argus)	2021	Circular economy
LME Steel Scrap CFR Turkey (Platts)	2015	Circular economy
LME Cobalt	2010	Battery metals
LME NASAAC	2002	Circular economy
LME Aluminium Alloy	1992	Circular economy
LME Nickel	1979	Battery metals
LME Aluminium	1978	Circular economy and low-carbon technologies
LME Lead	1920	Circular economy and battery metals
LME Copper	1877	Circular economy and fundamental element of sustainable technologies

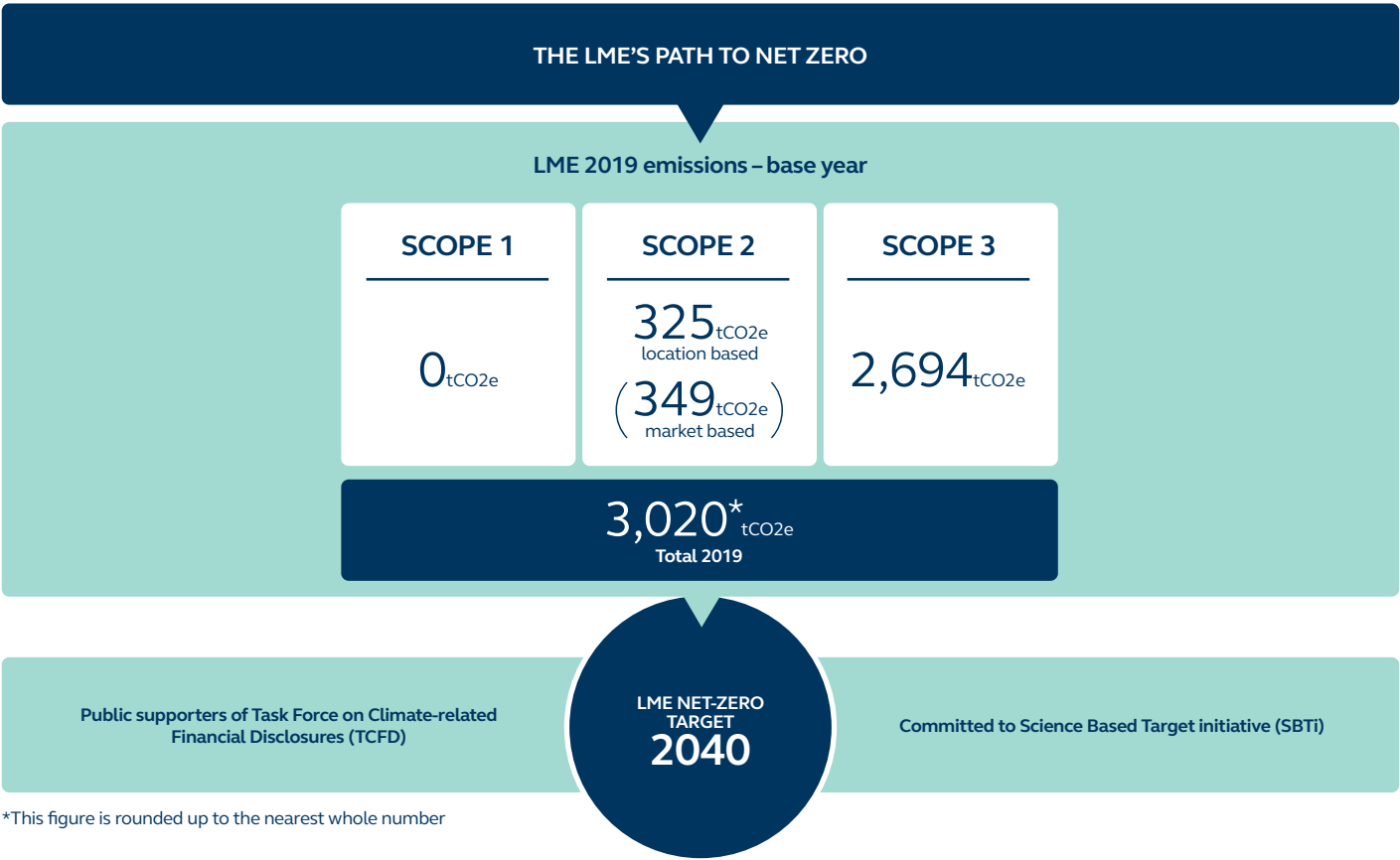
The LME’s net-zero plans

In recent years, the LME has worked hard to support the metals and mining industry in driving the sustainable transition, with initiatives such as the responsible sourcing requirements for listed-brands and voluntary sustainability disclosures on the LMEpassport platform. In line with this commitment, the LME is excited to announce its own net-zero strategy and proud to be supporting global efforts to meet the goals of the Paris Agreement

Our net-zero journey began by calculating our base-year emissions – we used 2019, due to its relative normalcy for business conduct.

The LME is setting a target to be net zero by 2040 with the aim of beating this target as work progresses over time. We will be utilising two initiatives to help us on this journey – the Science Based Targets initiative (SBTi) and the Task Force on Climate-related Financial Disclosures (TCFD).

Over the next couple of years, the LME will undertake further technical assessment of our emissions, engage with our suppliers and ultimately, reduce our overall global footprint.



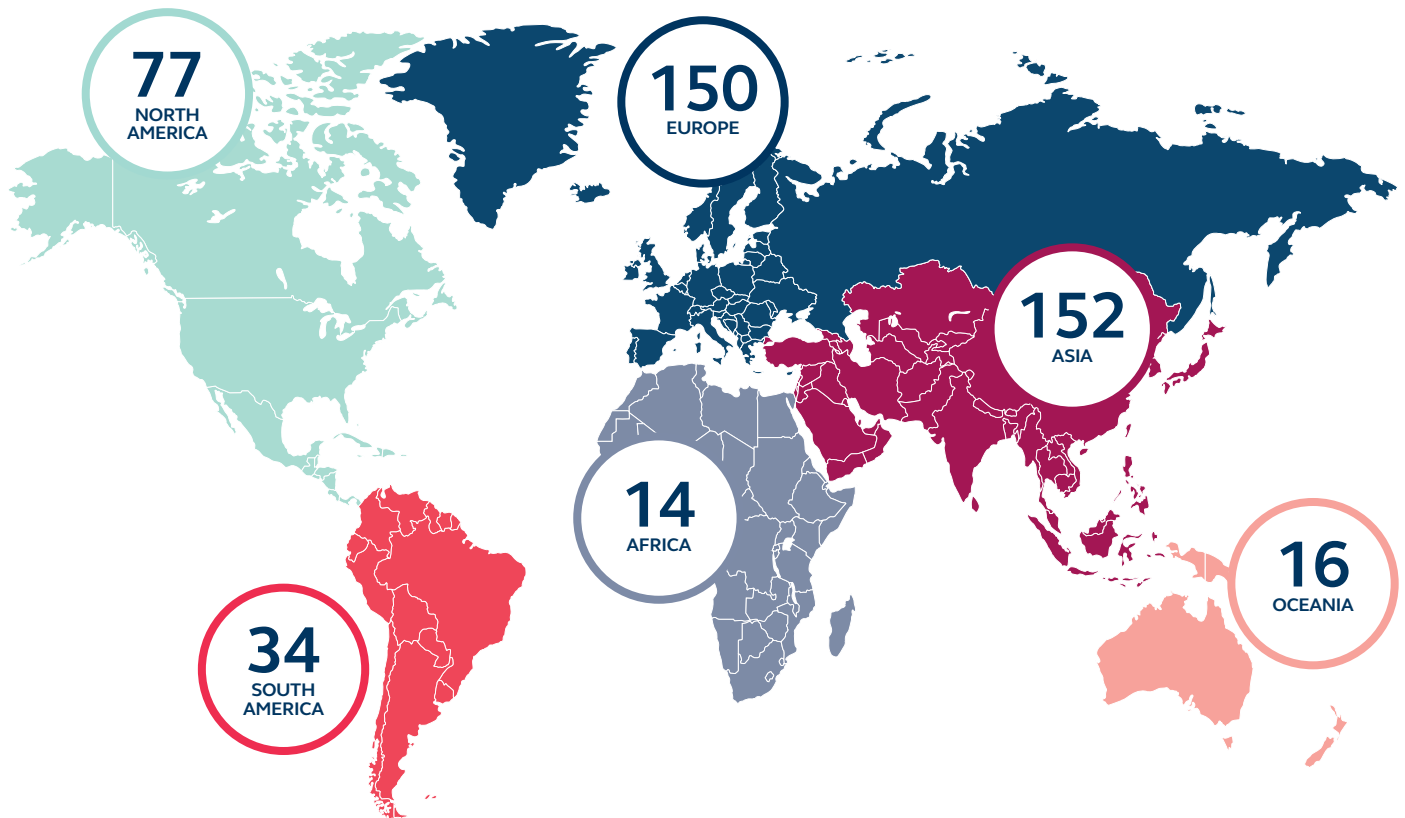
LME brands at a glance

As of October 2022, the LME has: 443 brands, spanning nine metals from 54 countries



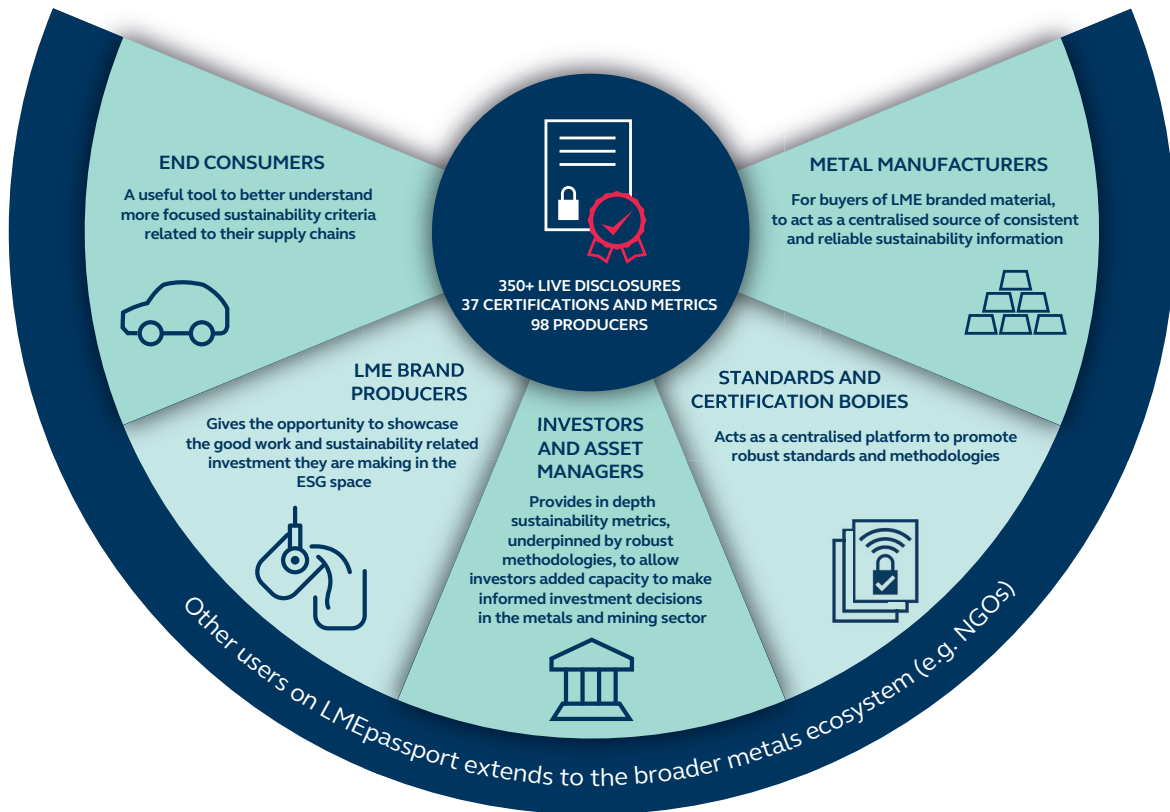
The LME’s sustainability initiatives, including LMEpassport and the responsible sourcing requirements, will have a profound impact as LME traded metals represent a significant percentage of global metal production. As an example, LME Nickel represents 91% of the annual production represented by LME brands for LME deliverable shapes, with LME Lead sitting at 82% and LME Copper at 75%.

The LME brands list stretches across the globe with the breakdown of our brands by region set out below.



What is LMEpassport and why is it important?

At the heart of our sustainability strategy is providing greater transparency around, and access to, sustainably produced metal. Key to this has been the launch of LMEpassport, a centralised digital register that provides visibility of sustainability credentials to the entire market. LMEpassport provides transparency to the metals value chains at corporate entity, smelter/asset level and metal cast reference level on a voluntary basis (for certifications that the LME approves).



The LME is working with the industry to ensure this data is clear, concise, and perhaps most importantly, comparable across metal production. This transparency is an essential first step as we forge a more sustainable future for metals and the many technologies that depend on them.

To date, 98 producers representing all of the LME's physically settled contracts are disclosing more than 350 individual data disclosures against almost 40 different certifications and metrics – all falling under the LME's taxonomy.

What are the most recent updates?

The LME taxonomy already provides a framework for a broad spectrum of ESG disclosures, and supports vital work by the industry to streamline and standardise measurement. The latest developments of LMEpassport include:

1) New certifications

Enabling only one emissions methodology for asset level disclosures.

- From LME Week, for smelter/refinery emissions disclosures on LMEpassport, only one emissions methodology will be available for emissions disclosure for nickel, zinc and aluminium assets.
- This is our next step in ensuring this emissions transparency is progressing and helping to mitigate against greenwashing.



2) Growing user participation

A growing number of producers of LME brands using the platform to disclose.

- Since launching the sustainability side of LMEpassport in October 2021, the number of metal brands publishing credentials has increased tenfold, and almost 50% of LME brands are voluntarily sharing sustainability credentials.

Broadening LMEpassport's sustainability network.

- Many producers of LME brands have made considerable progress and investment in their assets that produce non-deliverable LME materials.
- To complement this, we are extending the scope of LMEpassport to also list sustainability disclosures related to assets that produce non-LME registered brands.
- As of October 2022, Freeport McMoRan, Inc. are already taking advantage of this new service, with other users in the pipeline.

3) Launch of a dynamic sustainability webpage that greatly enhances user experience

- LMEpassport sustainability data will now be supported by a more accessible sustainability webpage.
- We're replacing the current publicly available sustainability excel (uploaded to the website monthly) with a webpage (linked to the platform) that will be much more user friendly and accessible to those interested in viewing the LMEpassport data.



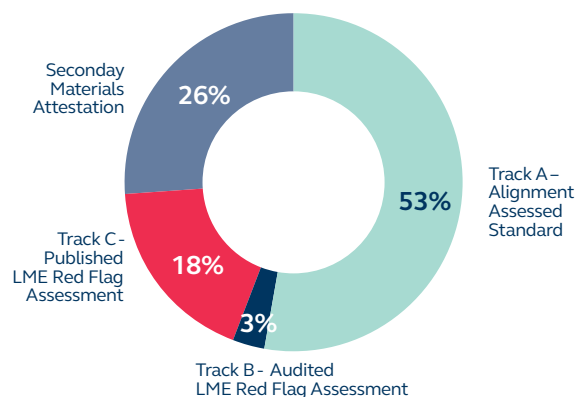
Responsible sourcing

The LME's responsible sourcing requirements represented a significant step forward for the metals industry, requiring all producers of LME-listed brands to provide evidence that they meet globally accepted standards for responsible sourcing. The requirements include implementing the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, and maintaining ISO 14001 (environmental management system or equivalent) and ISO 45001 (occupational health and safety management system or equivalent).

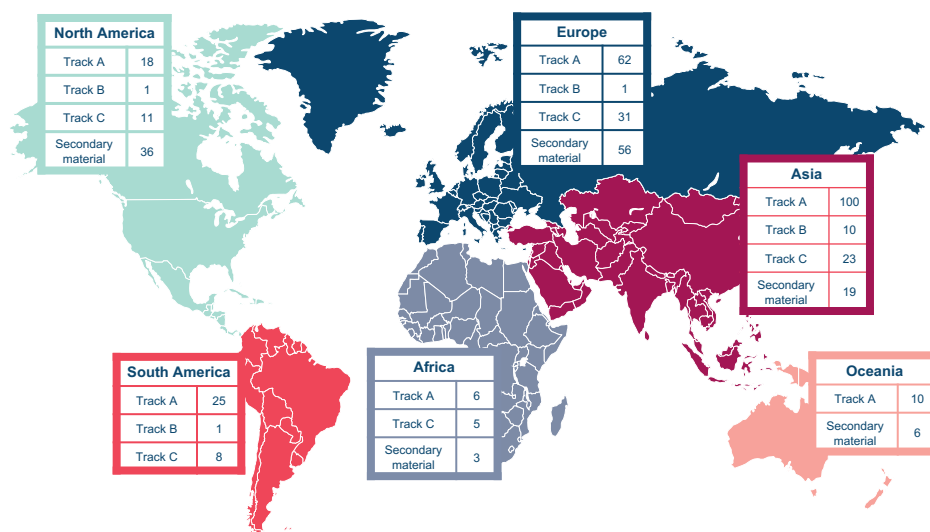
The first deadline in June 2022 required brands to demonstrate their OECD due diligence work, which they could do through four routes:

- Track A – working with alignment assessed standards;
- Track B – completing the LME red flag assessment template with an external audit;
- Track C – completing the LME red flag assessment template with LME review and publication;
- using a secondary material sourcing attestation form.

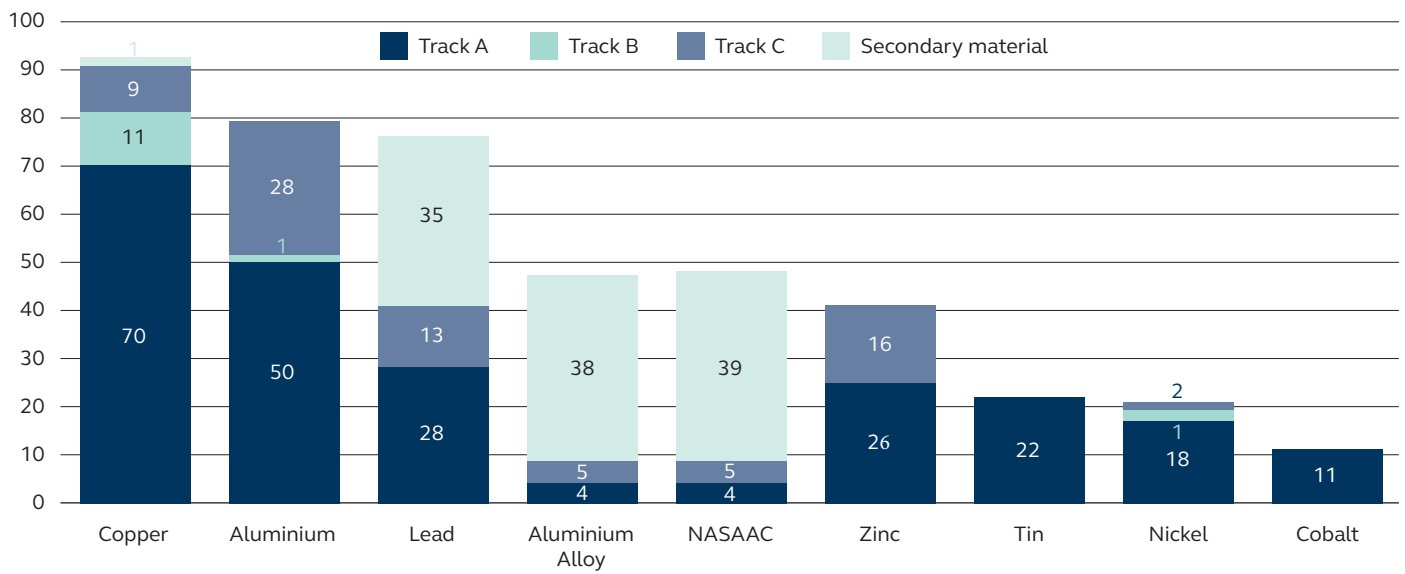
Of all LME brands, 96% submitted information in order to comply with the first responsible sourcing deadline, an outstanding result for this new initiative.



The LME's brands list stretches across the globe, covering 54 countries. The map opposite indicates the tracks chosen – Track A, B, C or secondary attestation form – broken down by region.



The bar chart below details the tracks chosen broken down by metals. The responsible sourcing requirements only apply to our physically settled contracts. All of the LME Tin and LME Cobalt brand producers, and 96% of LME Nickel brand producers, chose Track A. On the secondary metal attestation form route, take up was highest for LME Aluminium Alloy (81%), LME NASAAC (81%) and LME Lead (46%).



The LME is supported by a network of experienced organisations in implementing the Organisation for Economic Co-operation and Development Guidance and ISO standards.

We now have six conditionally approved track A standards including the Aluminium Stewardship Initiative (ASI) Performance Standard V3, Chinese Due Diligence Guidelines for Mineral Supply Chains (Second Edition), ITA-RMI Assessment Criteria assessed with the Responsible Minerals Assurance Process, Tin Code (Standard 7.3 Responsible Sourcing), RMI Tin and Tantalum Standard and the Joint Due Diligence Standard assessed with the Copper Mark Assurance Process or Responsible Minerals Assurance Process. For Track B, we have approved 21 lead auditors and eight audit companies. There are now five OECD Alignment Assessors and three ISO Equivalent Certification Programs. We are grateful to all our approved partners.

TRACK A STANDARDS

6

TRACK B STANDARDS

21

INDIVIDUAL ASSESSORS

8

AUDIT COMPANIES

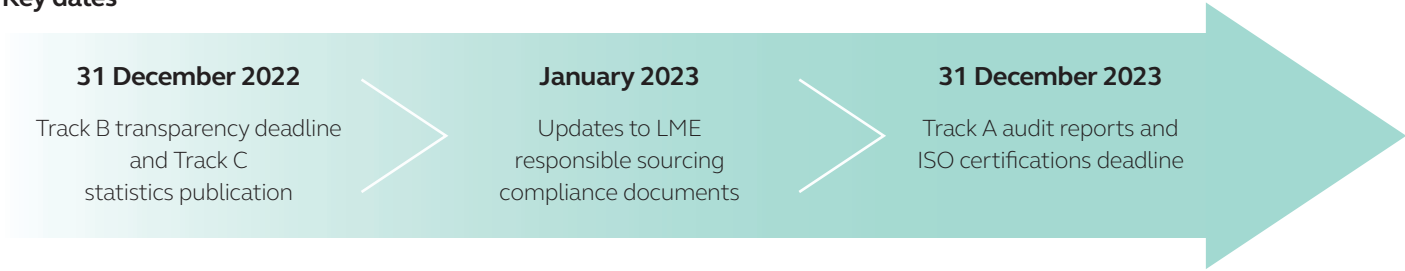
OECD ALIGNMENT ASSESSORS

5

ISO EQUIVALENT CERTIFICATION PROGRAMS

3

Key dates



The LME’s responsible sourcing journey does not end in December 2023 and will continue to play an ongoing and important role going forward. We are delighted with the level of commitment and engagement from producers and looks forward to working with them to meet the next reporting deadlines.

Responsible sourcing charities

LME charity partnership updates

In June 2021, the LME announced its financial support of two charitable projects designed to address instances of the worst forms of child labour in mineral supply chains. The LME is proud to work with the charities Pact and The Impact Facility in communities directly affected by these responsible sourcing concerns.



Pact - reducing child labour in mining in Zambia

Pact is an international development organisation and expert in artisanal and small-scale mining. Pact is currently undertaking a three-year project in central and copper-belt provinces of Zambia. The programme will involve working with communities to deliver improved access to education, social services, vocational training and other activities, with the aim of supporting the reduction of the number of children working in mines.

To start the project, Pact conducted an initial baseline study in the copper-belt and central provinces in Zambia. A total of 650 children and 1,000 caregivers contributed, helping Pact to understand the state of child labour in mining in these areas and the key interventions needed.

The study found that a lack of access to education and safe recreational activities were driving forces for children entering the mining sites. As a result, Pact developed a package of interventions, including support for children to access education, social services and vocational training. Pact provided school uniforms and learning materials to vulnerable children and has also procured a number of items to assist with safe recreational activities. Additionally, 80 adolescents who stopped working in the mines are now furthering their education in vocational facilities or with artisans in their communities as a result of Pact's interventions.

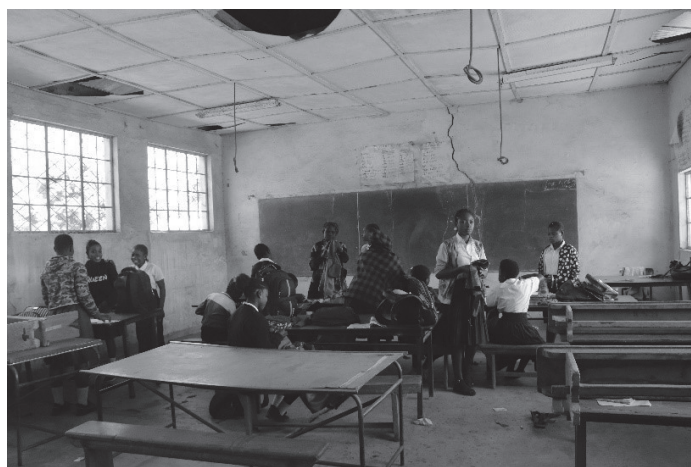
Importantly, Pact also introduced 12 "WORTH" groups. Worth is a community banking model that is designed to educate women with entrepreneurial skills to start up their own businesses, generate income and therefore decrease the need for their children to accompany them to work in mines. In just four months, these groups generated over US\$16,000. Loans from the group's funds are used to pay for basic households goods, medical services, and pay for children's school needs. These interventions are already having an impact in the communities and we look forward to seeing continued progress.

LME School Improvement Fund, in partnership with The Impact Facility, in the Democratic Republic of Congo (DRC)

The Impact Facility is a global sustainability organisation that seeks to bring economic and environmental empowerment to artisanal and small-scale mining communities. The LME is working with The Impact Facility to launch a school improvement project in the copper-cobalt belt of the DRC. The three-year project is designed to drive the reduction of child labour in mining by improving the quality of educational facilities. The project is primarily run in Kapata, a mining community in the DRC where 80-90% of inhabitants are connected to the artisanal mining sector. The conditions of public schools in this area have deteriorated over time and now require significant improvement to provide a safe environment for learning.

Through an application process, three schools were selected for the initial round of investment benefiting approximately 1,400 students as well as 50-100 young women. During the August 2022 break at primary schools Dima and Kabulungu, the majority of the rehabilitation work was completed, including repairing walls, fixing foundations, and replacing windows. At the CPF Kapata vocational school, the entire roof was replaced, new plastering and new pavement installed around the buildings. Additional work at both sites, including construction of a new building, a well, new latrines, fencing, and new furniture also began. The work is transforming the school environment to places where children and young women can safely enjoy education.

Updates on both projects can be found by following our LME social media channels and on our website [LME.com](https://lme.com).



Contact us

To find out more or ask any questions you might have about the LME's sustainability programme and responsible sourcing requirements, please contact our team and they will be happy to help.

Sustainability Team – sustainability@lme.com

Responsible Sourcing Team – responsiblesourcing@lme.com

Web pages and resources

We have a wealth of resources, webinars, videos and newsletters available on our website. Visit [LME.com](https://lme.com) for more information.

Responsible sourcing

lme.com/responsiblesourcing

Sustainability

lme.com/sustainability

LMEpassport

lme.com/lmepassport

Sustainability Spotlight newsletter

Our regular Sustainability Spotlight newsletter delivers a succinct and informative read for all those interested in sustainability within base metals, as well as providing updates on the LME's sustainability strategy and other notable sustainability-related developments within the metals industry.

In each edition, a leading expert in their field offers their insights on significant topics related to the sustainable transition.

lme.com/sustainability-spotlight



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