

MODERN SLAVERY STATEMENT - THE LONDON METAL EXCHANGE AND LME CLEAR LIMITED

Introduction from the CEOs of LME and LME Clear

Modern Slavery is a serious global issue and represents one of the worst forms of human rights violation. We at The London Metal Exchange (“LME”) and LME Clear Limited (“LME Clear”) take this very seriously. We all have a responsibility to be alert to the risks, however small, in our businesses and in the wider supply chain. Staff at the LME and LME Clear are expected to report concerns and management are expected to act upon them.

Organisations' Structure

The LME and LME Clear form the world center for industrial metals trading and clearing. The LME and LME Clear are part of the Hong Kong Exchanges and Clearing Group.

The LME and LME Clear each have an annual turnover in excess of £36m and each organisation is therefore subject to the requirements of the Modern Slavery Act 2015.

Our Business

Our UK business consists of the LME and LME Clear.

The business of the London Metal Exchange is to provide facilities for trading in LME contracts, providing access to trading to LME Members and, through them, to their clients. It is a Recognised Investment Exchange and a Benchmark Administrator, regulated by the Financial Conduct Authority.

LME Clear's business is the provision of clearing and settlement facilities for LME contracts to its members, who are themselves members of the LME, acting as central counterparty for all business taking place on the LME. It is a Recognised Clearing House authorised and regulated by the Bank of England.

Impact of COVID – 19

In April 2020, the Home Office published Modern Slavery Reporting Guidance for Businesses, specifically on addressing and reporting Modern Slavery risks during the coronavirus pandemic, recognizing that businesses may face delays in achieving the goals set out in their earlier Modern Slavery statements.

LME and LME Clear have not been immune to the impact of the pandemic, with our organisations working remotely throughout the majority of 2020. As a part of the UK's financial market infrastructure, our primary focus has been on ensuring that our key business activities continued to operate effectively in the remote working environment. In relation to Modern Slavery, we have ensured that our arrangements have continued to operate effectively but we refrained from introducing further measures that may have introduced

additional operational risk or complexity.

The Home Office has encouraged businesses to consider how fluctuations in demand and changes in their operating model during the pandemic may lead to new or increased Modern Slavery risks. At LME and LME Clear, we do not consider our Modern Slavery risk profile to have materially altered and we are satisfied that our framework continued to be fit for purpose during 2020. That said, there have been minor delays to a small number of the planned activities referred in our 2019 Modern Slavery Statement as a direct consequence of the pandemic.

Our Policy on Slavery and Human Trafficking

The LME and LME Clear are committed to ensuring that there is no Modern Slavery (including slavery, servitude, forced and compulsory labour and human trafficking) in our business or in our supply chains. Our Modern Slavery Policy, which is reviewed annually by staff with oversight from committees of the LME and LME Clear Boards, is available to all staff and reflects our commitment to acting ethically and with integrity and to implement and enforce effective systems and controls to ensure Modern Slavery is not taking place in our supply chains. In 2020, we once again reviewed our Modern Slavery Policy to ensure it continued to be fit for purpose and could continue to provide a suitable framework for developing our approach for dealing with modern slavery.

We operate in accordance with policies related to equal opportunities and bullying & harassment. We also have a robust Grievance Policy and procedure and a Whistleblowing Policy to ensure that our staff can raise any form of concern – including to outside authorities - without fear of reprisal.

These arrangements, and our commitment to protect our employees, ensure Modern Slavery is not taking place within the LME and LME Clear.

Our Supply Chains

LME and LME Clear do not act as producers, manufacturers or retailers of any physical goods. Our objective is to provide facilities for the trading and clearing of LME contracts for our members. The main suppliers to our business are providers of support services such as IT, legal advice and financial information. Note that there are other third party organisations that perform a role in the wider context of the market but which do not represent a part of our supply chains given the nature of the relationship between those organisations and LME or LME Clear e.g. exchange/clearing house members, warehouse operators and metals producers.

Responsible Sourcing

Beyond our responsibilities under the legislation, we also recognise that we are in a position to help influence change in areas that are not within our supply chain but which are part of the wider market.

In October 2019 we announced our 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 for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

These requirements, are designed to ensure that market participants taking delivery of metal through the LME can be sure that this metal has been sourced responsibly, in line with international principles, and they rest on four core concepts: the combination of transparency and standards; non-discrimination between large-scale mining and artisanal / small-scale

mining; adherence to the well-established responsible sourcing standards in the mining sector; and a pragmatic and clear process to compliance.

Full engagement is required by 2022 and full compliance by 2023. Additionally, as part of these requirements, we will also require all brands to work towards ISO 14001 in respect of environmental management, as well as ISO 45001 for occupational health and safety.

In 2020, we conducted comprehensive engagement with producers of LME-listed brands globally to ensure they understood and would be ready for the compliance deadlines outlined above. We also began approving independent auditing companies that producers will be able to use to assure they meet the required LME due diligence thresholds.

Due Diligence Process in LME Group's supply chain

The LME and LME Clear have continued to undertake due diligence on new suppliers when we enter into a business relationship with them. In 2020, we continued to have no suppliers who presented a high risk of Modern Slavery and our overall supply chain risk continued to be low in relation to Modern Slavery.

In 2020, we made no material changes to our due diligence processes. However, minor enhancements have been agreed in H1 2021 which are intended to provide the Compliance department with improved oversight of new suppliers and a means of increasing the factors taken into account during our supplier risk rating process. Our aim will be to report on the implementation of these changes in our next annual report

Training

Our Modern Slavery Policy is kept up to date and made available to all staff in an accessible area of our intranet site. Training in respect of Modern Slavery for all new starters includes an attestation that individuals have read and understood the policy. This is helping to educate all staff members and create awareness of the importance of the fight against modern slavery.

As a result of the ongoing remote working arrangements, we have elected to delay the implementation of formal refresher training for staff on this subject but the Compliance department has continued to work closely with those staff who are responsible for our significant suppliers and has provided advice and support during the onboarding process where necessary. During H1 2021, the Compliance department has met with key business areas to remind them of our anti-Modern Slavery obligations and to discuss how the planned enhancements to our due diligence processes will operate.

Working Group

Given the decision to continue with our existing framework in 2020 as a result of the impact of COVID-19, we have not yet devoted additional resources to our Working Group. The Working Group is however scheduled to review our arrangements in Q3 2021, to consider them in the context of current guidance and good practice and ensure they remain fit for purpose or to identify potential enhancements. The Working Group will also discuss the expansion of Key Performance Indicators which are relevant to this subject.

Contacts Database Registration

The LME and LME Clear Compliance department has registered on the Contacts Database for guidance on Modern Slavery Reporting. Registration will enable us to receive the latest guidance from the Home Office relating to reporting and best practice for consideration by

our Working Group.

Government's Digital Registry

In addition to uploading the Modern Slavery Annual Statement on our website, LME and LME Clear will submit their Annual Statement to the Government's new digital registry. The LME Head of Regulatory Compliance and the LME Clear Chief Compliance Officer are our registered users on the registry.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our slavery and human trafficking statement for the financial year ending 31 December 2020.

Annual Review

This statement will be reviewed annually and updated as required. The Boards of LME and LME Clear have approved this statement.



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