

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 centre 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.

Our Policy on Slavery and Human Trafficking

The LME and LME Clear are committed to combatting the risk of Modern Slavery (including slavery, servitude, forced and compulsory labour and human trafficking) taking place 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. Our 2021 review of our Modern Slavery Policy concluded that it continued to be fit for purpose and could continue to provide a suitable framework for developing our approach for dealing with Modern Slavery.

Internal Arrangements

We operate in accordance with policies related to equal opportunities and bullying & harassment, and a policy related to migrant workers, which highlights our commitment to prevent illegal working in the UK.

LME and LME Clear review external compensation data when hiring staff and conduct annual compensation reviews in order to set salaries at fair levels. All of our employees are paid above the minimum wage in all areas of the business. LME and LME Clear also publish an annual Gender Pay Gap report, available on the LME website, which aligns with our commitment to transparency in our efforts to bring greater gender equality to our business and the wider industry

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. In 2021 we introduced a third party provided whistleblowing platform which offers a secure and fully anonymous channel for staff to make disclosures. This provides additional comfort for any staff members who may wish to raise a disclosure without revealing their identity.

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 the 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. Additionally, as part of these requirements, we require all brands to obtain ISO 14001 in respect of environmental management and ISO 45001 for occupational health and safety management. These requirements, are designed to ensure that market participants taking delivery of metal through the LME can trust that the metal has been sourced responsibly, in line with international principles. 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.

To enable the successful execution of this programme, the LME hired a dedicated responsible sourcing manager in 2021. We continued comprehensive engagement with producers of LME-listed brands to ensure they understand and are ready for the compliance

deadlines. In addition, LME reviewed nearly 70 applications from partner organisations planning to become recognised standards, auditors and alignment assessors. The development of LME procedures for reviewing these applications and the compliance submissions from producers expected in 2022 was a significant element of the 2021 workload.

In 2022, the LME is preparing to receive compliance information from LME-listed brand producers ahead of the first deadline on 30 June 2022. During the third quarter, LME will be reviewing submissions and providing feedback to LME producers. An analyst was hired to support this effort and the other elements of the programme in March. At the end of the year, the LME will be focussing on the transparency aspect of the policy, releasing the first summary of responsible sourcing compliance data.

To learn more about the responsible sourcing policy and implementation, please visit our website here: <https://www.lme.com/en/Company/Responsibility/Responsible-sourcing>.

Responsible Sourcing Charity Projects

In June 2021, the LME announced a funding partnership totalling US\$ 1.7 million with charities Pact and The Impact Facility. The partnership supports two distinct multi-year projects aimed at tackling the worst forms of child labour in the mining communities of Zambia and the Democratic Republic of the Congo (DRC). Both projects completed baseline studies of the local communities in 2021 and are moving into implementation in 2022.

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 2021, 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 2021, we made enhancements to our due diligence arrangements, creating an additional step in our new supplier onboarding process to require new suppliers to provide the LME Group with a copy of their own Modern Slavery Statement or to complete a Modern Slavery questionnaire (where the new supplier is not itself subject to supply chain requirements under the Modern Slavery Act). This has provided Compliance with more comprehensive and consistent data with which to calculate supplier risk ratings.

Contracts with suppliers

We seek to agree contracts with suppliers that align to our minimum standards. This includes the use of standard form contracts where appropriate and the adoption of robust policies governing contract review and approval. We also endeavour to ensure that suppliers are contractually obligated to comply with all applicable laws including Modern Slavery legislation.

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.

In 2021, Compliance provided training to key business areas to remind them of our anti-Modern Slavery obligations and to provide further details on how the enhancements to our due diligence processes impact them.

Working Group

Our Modern Slavery Working Group is made up of members of staff from around the business whose roles are relevant to the various aspects of our Modern Slavery framework. Members of the Working Group have contributed both to our due diligence enhancements and to the creation of this Statement. We continue to monitor for progress on the expected changes to the Modern Slavery Act and anticipate engaging further with our Working Group when an implementation date becomes clearer

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, the LME and LME Clear will submit their Annual Statement to the Government's 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 2021.

Annual Review

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



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