

LME responsible sourcing requirements – summary

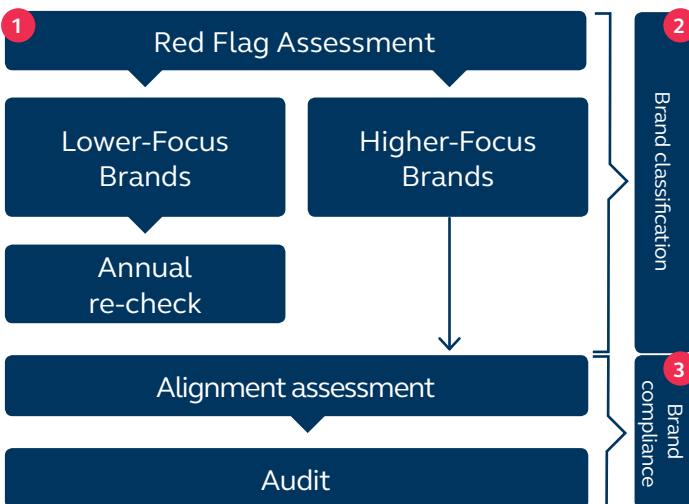


SETTING THE GLOBAL STANDARD

The LME’s commitment

- The LME is introducing responsible sourcing requirements to its brand lists
- The LME will identify the requirements of the market and ensure that its brand lists embody global expectations of best practice
- The LME will help forge market consensus in recognition of the importance of this topic

The LME process



1 Red Flag Assessment (“RFA”)

Brands must complete an OECD-based Red Flag Assessment to map the supply chains of their operations, which is submitted to and reviewed by the LME

2 Brand classification

Brands will be RFA ratified or re-classified into Higher-Focus or Lower-Focus Brands. There will be further engagement if there is any discrepancy between the LME and the producer’s assessment

3 Brand Compliance

- Lower-Focus – annual RFA check
- Higher-Focus – adopt OECD-aligned standard and undertake audit

Our pathway to transparency

Date	Red Flag Assessment results	
31 December 2020	Y1	Summary statistics
31 December 2021	Y2	Summary statistics
31 December 2022	Y3	Anonymous versions
31 December 2023	Y4	Anonymous versions
31 December 2024	Y5	Attributed versions
31 December of subsequent years	Y6 and onwards	Attributed versions

Why is the LME taking action?

Collective ethical responsibility

- We have a key role in facilitating the adoption of responsible sourcing principles
- Buyers may receive metal from any LME listed brand
- We will not accept a situation where consumers are required to take delivery of metal that is not responsibly sourced

Commercial imperative

- The LME price is generally the price of the least valuable brand in our brand lists
- We will ensure that the price reflects the value of responsibly sourced metal, and is not artificially depressed by metal which is not responsibly sourced

Provide leadership for the industry

- We are ideally placed to promote a centralised process, designed for the specific needs of our market
- Our stakeholders demand responsible sourcing
- It is in the interest of the entire supply chain to act

Transparency and standards

- Transparency allows everyone to understand the steps being taken by brands in respect of responsible sourcing; the LME proposal requires transparency from all brands
- Equally, consumers of metal are entitled to a minimum standard; therefore, the LME approach combines transparency and standards to protect consumers

No discrimination between large-scale (LSM) and artisanal/small-scale mining (ASM)

- We acknowledge that risk assessments must be specific to individual circumstances
- We have set out to provide equally meaningful protections against risks arising from both LSM and ASM



Core features of our approach

Build on well-established work in the sector

- Grounded in OECD Due Diligence Guidance, which allows brands to make use of existing standards with defined audit approaches
- We will extend guidance by applying 3T principles to all LME brands, utilise broadest assessment (OECD Guidance Gold Supplement) of risk indicators for conflict affected and high-risk areas (CAHRAs), and work towards ISO 14001 (environmental) and OHSAS 18001 (health and safety) standards or equivalent

Define a clear and pragmatic process

- We set requirements which are clear and achievable
- We provide clarity through RFA template

For more information please go to lme.com/responsiblesourcing or email responsiblesourcing@lme.com and a member of the team will be happy to help.



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