LME
An HKEX Company

# LME Red Flag Assessment Summary Statistics

## 2021 Reporting Period

# LME RED FLAG ASSESSMENT: 2021 REPORTING PERIOD SUMMARY STATISTICS

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## 1 INTRODUCTION AND CONTEXT

In October 2019, the London Metal Exchange ("LME" or the "Exchange") published the LME Policy on Responsible Sourcing of LME-Listed Brands ("the Policy"). This defined a set of mandatory requirements for all LME-listed Brands (or "Brands"[1], metal which is eligible to be used in settlement of contracts traded on the Exchange) to ensure that all metal physically traded through the LME meets globally accepted standards for responsible sourcing.

At a high level, these requirements break down in two separate, but related components: (i) implementation of 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 (the "OECD Guidance"), and (ii) compliance with both ISO14001 (environmental management systems) and ISO45001 (occupational health and safety management systems).

In order to facilitate compliance with the first component (the OECD Guidance), the LME set out four routes through which Producers of LME-listed Brands could comply – Track A (Recognised Alignment-Assessed Standard Track), Track B (Audited LME RFA Track), Track C (Published LME RFA Track), plus Track D – an exemption route for Producers using 100% recycled sources[2].

While the exact requirements for each of these Tracks vary, they are linked by a focus on transparency – Step 5 in the OECD Guidance five-step framework – as a key tool in the drive for continuous improvement on responsible sourcing topics in the industry. For Track C in particular, transparency plays a vital role as it provides a route through which LME-listed Brands can comply with the Policy without requiring an external, third party standard, or an audit. Instead, Brands achieving compliance via the Published LME RFA track are required to complete the LME's Red Flag Assessment ("RFA") template, and submit it to the LME for review on an annual basis. Once reviewed, these RFAs will be published, with the transparency acting as a second level of "audit" of the information contained therein, allowing other Producers, civil society and non-governmental organisations ("NGOs"), industry bodies, regulators and other interested parties to diligence the information provided and ensure its accuracy (see Clause 7.6 – Public Disclosure – in the Policy for further details).

To address concerns about the process of education and familiarisation, especially as the LME and the Producers of LME-listed Brands ("Producers") work through the classification of genuinely confidential and sensitive commercial information, the LME laid out a phased approach in respect of RFA public reporting (see Clause 7.6 – Public Disclosure – in the Policy):

- For the years 2022 (for the 2021 Reporting Year) and 2023 (for the 2022 Reporting Year), the LME will publish summary statistics on all LME-listed Brands following Track C;
- In years 2024 (for the 2023 Reporting Year) and 2025 (for the 2024 Reporting Year), anonymised RFAs will be published;
- From 2026 onwards, the RFAs submitted by LME Brands will be published in full and attributed to the Brand.

This phased approach allows Producers to refer to the work undertaken in the RFA processes of other LME-listed Brands on Track C, as well as providing time for the market more broadly to become familiar with the type of reporting it can expect to see.

The first deadline for Track C submissions was 30 June 2022, covering a reporting year of 2021. 18% of LME-listed Brands chose to use Track C for this reporting year. Following a period of review and

[1] All capitalised terms not otherwise defined in this paper shall have the meanings ascribed to them under the Policy

[2] Full details of the background to and details of the LME's responsible sourcing programme can be found on the LME website here: https://www.lme.com/-/media/Files/About/Responsibility/Responsible-sourcing/Policy-documents/LME-Policy-on-Responsible-Sourcing-of-LME-Listed-Brands--2023.pdf

ratification, and in line with the Policy, the LME is now publishing the first set of summary statistics for those Brands.

## 2 NOTES ON METHODOLOGY

For some Brands, the data is only a partial year as the Policy allowed for stub year reporting in year one so Producers could align their responsible sourcing reporting with their existing annual reporting cycles. A total of 86% of Brands following Track C reported from 1 January 2021 to 31 December 2021 (with two Brands including early 2022 data as well), while 14% of Brands used stub year reporting from 1 January 2021 to 31 March 2021.

The LME rejected ratification of 8% of RFAs submitted in 2022 and their data is not included in these summary statistics as a result. The LME referred 4% of Brands who submitted RFAs to switch to Track A due to the presence of an OECD red flag and all of these Brands have been reclassified after the referral. Additionally, 4% of Brands who submitted RFAs have been suspended due to inadequate information provided in their RFA and lack of initiative to implement Track A at the time.

The LME only ratified RFAs with the understanding that Producers provided accurate information to the best of their abilities; upon request, Producers were willing to supply additional information through the ratification process. In events where supply chain risks are identified after the ratification of an RFA, the LME may still request the Brand to be reclassified to Track A or take Brand actions such as suspension or de-listing.

This document follows the format of the LME RFA[3]. Original RFA questions are shown in *italic grey*.

## 3 SUMMARY STATISTICS

### 3.1 BRAND INFORMATION

**RFA question 1:**

| | | | |
|---|---|---|---|
| *Brand name:* | | *LME Brand code:* | |
| *Producer name:* | | *Producer address:* | |
| *Contact details:* | | *Reporting Period:* | |
| *Date of submission:* | | | |

**Summary statistics:**

**Table 1: Breakdown of Track C Brands by metal**

| Metal | Number of LME Brands |
|---|---|
| **Aluminium** | 26 |
| **Aluminium Alloy** | 5 |
| **Cobalt** | 0 |
| **Copper** | 11 |
| **Lead** | 13 |
| **Nickel** | 2 |
| **North American Special Aluminium Alloy Contract ("NASAAC")** | 5 |
| **Tin** | 0 |

[3] Please note, subsequent to the first reporting deadline in June 2022, the LME has been through a revision process with respect to the Policy and associated compliance documents, including the RFA. However, as the revisions had not come into force by the time of the first submission deadline, the RFA references in this report hence relate to the original RFA, in use as of June 2022.

| | |
|---|---|
| **Zinc** | 17 |
| **Total** | 79 |

**LME commentary**

The LME believes that the information above is self-explanatory, and no further commentary is required.

**3.2 COMPANY MANAGEMENT SYSTEMS**

**RFA question 2:**

*In respect of the production of this Brand in this Reporting Period, set out the Producer's supply chain due diligence policy; explain the management structure responsible for the Producer's due diligence and who in the Producer is directly responsible; describe the control systems over the mineral supply chain put in place by the Producer, explaining how this operates and what data it has yielded that has strengthened the Producer's due diligence efforts in this Reporting Period; describe the Producer's database and record-keeping system*

**Summary statistics:**

The information provided in response to this question is qualitative, thus the following summary captures the key themes from the 79 responses.

A total of 96% of Producers of LME Brands using Track C submitted the following qualitative information:

- supply chain due diligence policy;
- description of the management structure responsible for the Producer's due diligence;
- clarification of who in the Producer is directly responsible for the Producer's due diligence;
- account of control systems over the mineral supply chain put in place by the Producer; and
- explanation of the due diligence record-keeping system.

The remaining 4% of Brands had Producers which stated that they either (i) do not have a supply chain due diligence policy as they do not source externally (all material is sourced from the same site where the LME Brand is produced); or (ii) that they have several documents (such as labour regulations, organisational regulations, code of ethics, and anti-corruption policies), the combination of which acts as their supply chain due diligence policy.

Supply chain due diligence policy

The policies described in the Red Flag Assessments varied significantly. In terms of format, companies shared both stand-alone supply chain due diligence policies, and those that work within a broader social responsibility policy, human rights policy, or supplier code of conduct. These policies could be loosely grouped into three categories: (1) policies that emulate the model policy included in Annex II of the OECD Guidance, including all of the risks listed there applied to all the LME-listed Brand metal sources; (2) policies that include a limited number of the risks and/or were limited to certain metals (such as tin, tantalum, tungsten, and gold); or (3) policies that stated that the company does not source from Conflict-Affected and High-Risk Areas ("CAHRAs").

Management structure

Management structures for implementing Producers' due diligence generally included the material procurement department, commercial team, marketing team, compliance, or general management team. Descriptions included governance, role descriptions, review processes, incident report processes, and escalation processes. Most Producers reported systems that sit within their compliance, raw materials, quality, or procurement teams. A limited number of Producers reported having a dedicated sustainability department or responsible sourcing team working on the implementation of Producer's supply chain due diligence policy.

Responsible person

Role descriptions for the person ultimately accountable for the Producer's due diligence included activities such as: adhering to the LME's Policy, initiating procedures, having accountability for the results of due diligence process, maintaining supply contracts, reviewing the due diligence process, reporting to boards or executive teams, and implementation of the policy. Examples of the titles of the responsible person included: Business Development Manager, Chief Executive Officer, Chief Financial Officer, Commercial Manager, Compliance Officer, Director of Purchasing and Logistics, Director of Raw Materials, Director of Responsible Sourcing and Sustainability, General Manager, Head of Procurement, Metal Sourcing Compliance Officer, President, Responsible Sourcing Representative, and Vice President.

Control systems

Control systems included "Know Your Customer" checks before signing a supplier contract – often mentioning periodic reviews of suppliers through surveys or external companies – and company-wide procurement standards. Documentation mentioned in control systems included: contract terms; bill of lading; certificates of origin; vessel and cargo details; weight certificates; material safety data sheets; and chemical analyses, amongst others. External, internal and governmental audits were mentioned by some Producers, and company training featured prominently in some of the Red Flag Assessments, while not being mentioned in others. Few Producers reported using external experts or software tools to maintain their supplier database, which was relevant to both control systems and the record-keeping systems.

Record-keeping systems

The record-keeping systems used to support Producer's control systems varied from spreadsheets that are updated manually to software systems with integrated metal accounting. In some cases, an approved mineral supplier list was all that was kept, while others described rich databases of information. Most often the databases were reported as part of systems used by many areas of the company, such as finance, compliance, and risk. Local regulation was also mentioned as a driver for the format, quality and content of the record-keeping systems. Producers reported that information collected by these record-keeping systems is maintained from 3 to 15 years depending on the sophistication of the system and the individual Producer's control system requirements.

**LME commentary**

In respect of supply chain due diligence policies, for Producers with policies that did not fully emulate the OECD model policy (those falling into categories (2) or (3) outlined above), the LME explained the expectations for a publicly available, comprehensive supply chain due diligence policy to identify, assess and respond to potential Annex II risks as laid out in the OECD Guidance. For Producers in category (3) in particular, the LME emphasised the intent of the OECD Guidance (and the Policy) to encourage engagement with suppliers first, with disengagement considered only as a last resort.

Reflecting on these results, the LME is delighted with the response rate and the number of Producers that are making efforts to implement the OECD Guidance. The LME also acknowledges that the sophistication of a Company Management System will depend on the Producer's position in the supply chain. The LME noted that only a few Producers included an explanation about what data their control system yielded and how that that data has strengthened their due diligence efforts in this Reporting Period. Though this is required by the Red Flag Assessment, many Producers were setting up their control systems in this first year, and thus were more focussed on implementation rather than reflection. The LME encourages Producers to use the information described above to enhance their systems and has provided specific feedback to Producers where there are areas for further development.

### 3.3 LOCATIONS OF MINERAL ORIGIN AND TRANSIT

**RFA question 3a:**

*On the basis of the Producer's Company Management Systems for tracing the origin of materials from its operations and those of its suppliers, list the countries from which the minerals used for this Brand originated during the Reporting Period.*

**Summary statistics:**

The data in Tables 2-5 below provide breakdowns by country (where relevant), metal type, and number of Brands for each of the relevant RFA questions. The LME will not share data that could be attributed back to individual Brands as this would be counter to the phased transparency approach outlined in the Policy. Thus, LME has developed the following reporting methods to protect confidentiality prior to 2026.

- If five or more Brands of a single metal type reported a country, then the country, metal type, and number of Brands are listed individually;
- if less than five Brands of a single metal type reported a country, multiple metal types are grouped together until at least five Brands are reported within the same country; and
- if less than five Brands reported a country for all metal types combined, these countries are reported together with "<5" under "Number of Brands".

**Table 2 Sourcing countries[4]**

| Country | Metal(s) | Number of LME Brands |
|---|---|---|
| **Argentina** | Lead, Zinc | 5 |
| **Australia** | Lead | 7 |
| | Zinc | 8 |
| | Aluminium Alloy, Copper, NASAAC | 11 |
| | Aluminium | 17 |
| **Bolivia** | Lead, Zinc | 6 |
| **Bosnia and Herzegovina** | Lead, Zinc | 6 |
| **Brazil** | Aluminium | 8 |
| | Copper, Nickel, NASAAC, Zinc | 10 |
| **Bulgaria** | Lead, Zinc | 6 |

[4] Data only concerns Input Materials, this means the feedstock (input) fed into a process for conversion into the Metal of a Brand. This includes metals or materials that are present in the final Metal produced by a Brand and excludes chemical or other additives that may be added during the production process. The LME encourages Brands to perform due diligence for other ancillary materials; however, the LME's ratification process only concerns the Input Materials.

| | | |
|---|---|---|
| **Canada** | Copper, Lead, Nickel, Zinc | 9 |
| **Chile** | Copper, Lead | 10 |
| **China** | Aluminium Alloy, NASAAC | 8 |
| | Aluminium | 13 |
| **France** | Aluminium, Aluminium Alloy, Lead, NASAAC | 7 |
| **Germany** | Aluminium Alloy, Lead, NASAAC, | 7 |
| | Aluminium | 8 |
| **Greece** | Zinc | 5 |
| | Aluminium Alloy, Lead, Aluminium, NASAAC | 9 |
| **Guinea** | Aluminium | 7 |
| **India** | Aluminium Alloy, Copper, Lead, NASAAC | 10 |
| | Aluminium | 10 |
| **Indonesia** | Aluminium, Copper | 6 |
| **Ireland** | Aluminium, Aluminium Alloy, Lead, NASAAC | 7 |
| **Jamaica** | Aluminium, Aluminium Alloy, NASAAC | 6 |
| **Kosovo** | Lead, Zinc | 6 |
| **Mexico** | Copper, Lead, Zinc | 8 |
| **Netherlands** | Aluminium Alloy, Lead, NASAAC | 5 |
| **Peru** | Copper, Lead | 7 |
| | Zinc | 10 |
| **Russia** | Copper, Lead, Zinc | 6 |
| **South Africa** | Lead, Nickel, Zinc | 6 |
| **Spain** | Lead | 7 |
| | Aluminium | 8 |
| | Aluminium Alloy, Copper, NASAAC, Zinc | 10 |
| **Sweden** | Aluminium, Lead, Zinc | 8 |
| **Turkey** | Lead, Zinc | 9 |
| **United States of America** | Zinc | 7 |
| | Aluminium Alloy, Lead, NASAAC | 8 |
| | Aluminium | 8 |
| **Vietnam** | Aluminium, Aluminium Alloy, NASAAC | 9 |
| **Austria, Belgium, Burkina Faso, Eritrea, Finland, Kazakhstan, Luxembourg, Malaysia, Montenegro, Morocco, Namibia, North Macedonia, Panama, Papua New Guinea, Poland, Portugal, Romania, Saudi Arabia, Serbia, Sierra Leone, Tunisia, United Kingdom, Zambia, Zimbabwe** | Aluminium, Aluminium Alloy, Copper, Lead, NASAAC, Nickel, Zinc | <5 |

**RFA question 3b:**

*On the basis of the Producer's Company Management Systems for tracing the transit of materials from its operations and those of its suppliers, list the countries through which minerals used for this Brand have transited during the Reporting Period.*

**Summary statistics:**

**Table 3 Transit countries**

| Country | Metal (s) | Number of LME Brands |
|---|---|---|
| **Brazil** | Aluminium, NASAAC | 5 |
| **Canada** | Aluminium, NASAAC, Zinc | 5 |
| **Australia** | Aluminium, Aluminium Alloy, NASAAC | 7 |
| **China** | Aluminium, Copper, NASAAC | 10 |
| **Albania, Argentina, Austria, Belgium, Bulgaria, Chile, Côte d'Ivoire, Czech Republic, France, Germany, Guinea, Hungary, Italy, Jamaica, Japan, Kosovo, Mauritius, Montenegro, Mozambique, Netherlands, North Macedonia, Norway, Peru, Poland, Portugal, Serbia, Singapore, Slovakia, South Africa, South Korea, Spain, United Arab Emirates, United Kingdom, United States of America** | Aluminium, Aluminium Alloy, Copper, Lead, Nickel, NASAAC, Zinc | <5 |

**RFA question 3c:**

*Is any company in the supply chain for this Brand unable to determine the countries from which minerals used for this Brand either originated or transited during the Reporting Period?*

**Summary statistics:**

All Producers were able to determine the origin and transit countries for their LME Brands.

**LME commentary**

The LME believes that the information reported above for question 3a-c is self-explanatory, and no further commentary is required.

**3.4 SUPPLIERS**

**RFA question 4a:**

*On the basis of the Producer's Company Management Systems for assessing suppliers and other known upstream companies, compile a list of companies (the "Relevant Companies") in which the Producer's suppliers and other upstream companies have had shareholder and other interests during*

*the Reporting Period. List the countries from which the Relevant Companies supply minerals, and countries in which the Relevant Companies operate.*

**Summary statistics:**

**Table 4 All Relevant Company countries**

| Country | Metal (s) | Number of LME Brands |
|---|---|---|
| **Albania** | Aluminium, Aluminium Alloy, NASAAC | 6 |
| **Algeria** | Aluminium, Aluminium Alloy, NASAAC | 7 |
| **Angola** | Aluminium, Aluminium Alloy, NASAAC | 6 |
| **Armenia** | Aluminium, Aluminium Alloy, NASAAC | 6 |
| **Aruba** | Aluminium, Aluminium Alloy, NASAAC | 6 |
| **Australia** | Lead | 8 |
| | Aluminium Alloy, Copper, NASAAC | 9 |
| | Zinc | 10 |
| | Aluminium | 16 |
| **Austria** | Aluminium, Aluminium Alloy, NASAAC | 6 |
| **Belgium** | Aluminium, Aluminium Alloy, NASAAC, Zinc | 7 |
| **Bermuda** | Aluminium, Aluminium Alloy, NASAAC | 6 |
| **Bolivia** | Lead, Zinc | 11 |
| **Brazil** | Aluminium | 12 |
| | Aluminium Alloy, Copper, Lead, Nickel, NASAAC, Zinc | 14 |
| **British Virgin Islands** | Aluminium, Aluminium Alloy, NASAAC | 8 |
| **Bulgaria** | Aluminium, Aluminium Alloy, Lead, NASAAC, Zinc | 10 |
| **Burkina Faso** | Aluminium, Aluminium Alloy, NASAAC, Zinc | 8 |
| **Cambodia** | Aluminium, Aluminium Alloy, NASAAC | 6 |
| **Canada** | Lead | 8 |
| | Zinc | 9 |
| | Aluminium, Aluminium Alloy, Copper, Nickel, NASAAC | 13 |
| **Chile** | Copper | 8 |
| | Aluminium, Aluminium Alloy, Lead, NASAAC | 8 |
| **China** | Aluminium | 8 |
| | Aluminium Alloy, Copper, Lead, NASAAC | 7 |
| **Colombia** | Aluminium, Aluminium Alloy, NASAAC | 6 |
| **Cuba** | Lead, Zinc | 8 |
| **Cyprus** | Aluminium, Aluminium Alloy, NASAAC | 6 |
| **Finland** | Aluminium, Aluminium Alloy, Lead, Nickel, NASAAC, Zinc | 9 |
| **France** | Aluminium, Aluminium Alloy, NASAAC | 7 |
| **Georgia** | Aluminium, Aluminium Alloy, NASAAC | 6 |
| **Germany** | Aluminium, Aluminium Alloy, Lead, NASAAC, Zinc | 13 |
| **Ghana** | Aluminium, Aluminium Alloy, Copper, NASAAC | 8 |

| | | |
|---|---|---|
| **Greece** | Aluminium, Aluminium Alloy, Lead, NASAAC, Zinc | 10 |
| **Guernsey Islands** | Aluminium, Aluminium Alloy, NASAAC | 6 |
| **Guinea** | Aluminium, Aluminium Alloy, NASAAC | 9 |
| **Guyana** | Aluminium, Aluminium Alloy, NASAAC | 6 |
| **Iceland** | Aluminium, Aluminium Alloy, NASAAC | 7 |
| **India** | Aluminium | 11 |
| | Aluminium Alloy, Copper, Lead, NASAAC, Zinc | 13 |
| **Indonesia** | Aluminium | 6 |
| | Aluminium Alloy, Copper, Lead, NASAAC | 7 |
| **Iran** | Aluminium, Aluminium Alloy, Lead, NASAAC | 7 |
| **Iraq** | Aluminium, Aluminium Alloy, NASAAC | 7 |
| **Ireland** | Aluminium, Lead, Aluminium Alloy, NASAAC | 9 |
| **Italy** | Aluminium, Aluminium Alloy, NASAAC, Zinc | 9 |
| **Jamaica** | Aluminium, Aluminium Alloy, NASAAC | 6 |
| **Japan** | Aluminium, Aluminium Alloy, Copper, NASAAC | 9 |
| **Jersey** | Aluminium, Aluminium Alloy, NASAAC | 6 |
| **Jordan** | Aluminium, Aluminium Alloy, NASAAC | 6 |
| **Kazakhstan** | Lead | 7 |
| | Zinc | 8 |
| | Aluminium, Aluminium Alloy, Copper, NASAAC | 9 |
| **Laos** | Aluminium, Aluminium Alloy, NASAAC | 6 |
| **Luxembourg** | Aluminium, Aluminium Alloy, Lead, NASAAC, Zinc | 9 |
| **Madagascar** | Aluminium, Aluminium Alloy, NASAAC | 6 |
| **Malaysia** | Aluminium, Aluminium Alloy, Copper, NASAAC | 8 |
| **Marshall Islands** | Aluminium, Aluminium Alloy, NASAAC | 6 |
| **Mexico** | Aluminium, Aluminium Alloy, Copper, NASAAC, Zinc, Lead | 15 |
| **Mongolia** | Aluminium, Aluminium Alloy, Lead, NASAAC | 7 |
| **Mozambique** | Aluminium, Aluminium Alloy, NASAAC | 6 |
| **Namibia** | Copper, Lead, Zinc | 5 |
| **Netherlands** | Aluminium, Aluminium Alloy, Lead, NASAAC, Zinc | 10 |
| **New Zealand** | Aluminium, Aluminium Alloy, NASAAC | 6 |
| **Nigeria** | Aluminium, Aluminium Alloy, Lead, NASAAC | 8 |
| **North Macedonia** | Aluminium, Aluminium Alloy, Lead, NASAAC, Zinc | 10 |
| **Norway** | Aluminium, Aluminium Alloy, Nickel, NASAAC | 8 |
| **Oman** | Aluminium, Aluminium Alloy, NASAAC | 7 |
| **Panama** | Aluminium, Aluminium Alloy, Copper, NASAAC | 9 |
| **Papua** | Aluminium, Aluminium Alloy, NASAAC | 6 |
| **Peru** | Lead | 7 |
| | Zinc | 9 |
| | Aluminium, Aluminium Alloy, Copper, NASAAC | 11 |
| **Philippines** | Aluminium, Aluminium Alloy, NASAAC | 6 |
| **Portugal** | Aluminium, Lead, Zinc, Aluminium Alloy, NASAAC | 8 |

| | | |
|---|---|---|
| **Puerto Rico** | Aluminium, Aluminium Alloy, NASAAC | 6 |
| **Romania** | Aluminium, Aluminium Alloy, NASAAC | 8 |
| **Russia** | Aluminium, Aluminium Alloy, Copper, Lead, NASAAC, Zinc | 11 |
| **Saudi Arabia** | Aluminium, Aluminium Alloy, Copper, NASAAC | 10 |
| **Serbia** | Aluminium, Aluminium Alloy, Lead, NASAAC, Zinc | 9 |
| **Singapore** | Aluminium, Aluminium Alloy, NASAAC | 6 |
| **Slovenia** | Aluminium, Aluminium Alloy, NASAAC | 7 |
| **South Africa** | Aluminium, Aluminium Alloy, Lead, Nickel, NASAAC, Zinc | 11 |
| **South Korea** | Aluminium, Aluminium Alloy, Copper, NASAAC | 9 |
| **Spain** | Lead | 7 |
| | Aluminium | 8 |
| | Aluminium Alloy, Copper, NASAAC, Zinc | 9 |
| **Sweden** | Aluminium, Lead, Zinc, Aluminium Alloy, NASAAC | 11 |
| **Switzerland** | Aluminium, Aluminium Alloy, Copper, NASAAC, Zinc, Lead | 13 |
| **Taiwan** | Aluminium, Aluminium Alloy, NASAAC | 6 |
| **Tunisia** | Aluminium, Aluminium Alloy, Lead, NASAAC, Zinc | 9 |
| **Turkey** | Aluminium, Aluminium Alloy, Lead, NASAAC, Zinc | 14 |
| **Uganda** | Aluminium, Aluminium Alloy, NASAAC | 7 |
| **Ukraine** | Aluminium, Aluminium Alloy, NASAAC | 6 |
| **United Arab Emirates** | Aluminium, Aluminium Alloy, NASAAC | 6 |
| **United Kingdom** | Zinc | 6 |
| | Aluminium, Aluminium Alloy, NASAAC | 8 |
| **United Kingdom** | Aluminium, Aluminium Alloy, NASAAC | 6 |
| **United States of America** | Zinc | 7 |
| | Aluminium, Aluminium Alloy, Copper, Lead, NASAAC | 14 |
| **Uzbekistan** | Aluminium, Aluminium Alloy, Lead, NASAAC | 7 |
| **Vietnam** | Aluminium, Aluminium Alloy, Lead, NASAAC | 6 |
| **Zambia** | Aluminium, Aluminium Alloy, Copper, NASAAC | 9 |
| **Argentina, Bosnia and Herzegovina, Botswana, Côte d'Ivoire, Democratic Republic of the Congo, Dominican Republic, Ecuador, Egypt, Eritrea, Hungary, Kosovo, Libya, Myanmar, North Macedonia, Montenegro, Morocco, Pakistan, Papua New Guinea, Poland, Sierra Leone, Suriname, Yemen, Zimbabwe, United Arab Emirates** | Aluminium, Copper, Lead, Nickel, Zinc | <5 |

**LME commentary:**

The LME notes that the interpretation of this question and content of the responses varied considerably. Some Producers noted that they did not have any Relevant Companies while other Producers listed over 60 Relevant Companies with 84 associated countries. Though the LME

engaged with the Producers heavily on this question during the RFA ratification process, the concern remains that Producers are not implementing this question consistently. Thus, the LME encourages Producers and those interested in this data to refer to its Supplier Red Flags Guidance. In addition, the LME provided additional clarification to Producers on this question with the revised RFA issued in February 2023[5].

**RFA question 4b:**

*On the basis of the Producer's Company Management Systems for assessing suppliers and other upstream companies, list the countries in which those suppliers and other upstream companies have sourced minerals during the Reporting Period.*

**Table 5 Relevant Company source countries**

| Country | Metal (s) | Number of LME Brands |
|---|---|---|
| **Australia** | Aluminium Alloy, Copper, NASAAC | 7 |
| | Lead | 8 |
| | Zinc | 10 |
| | Aluminium | 12 |
| **Bolivia** | Lead | 7 |
| | Zinc | 8 |
| **Brazil** | Aluminium | 6 |
| | Aluminium Alloy, Copper, Lead, Nickel, NASAAC, Zinc | 11 |
| **Canada** | Lead | 8 |
| | Aluminium, Aluminium Alloy, Copper, Nickel, NASAAC | 8 |
| | Zinc | 9 |
| **Chile** | Copper, Lead | 9 |
| **China** | Aluminium, Aluminium Alloy, Copper, Lead, NASAAC | 6 |
| **Cuba** | Lead, Zinc | 8 |
| **Germany** | Aluminium, Aluminium Alloy, Lead, NASAAC, Zinc | 8 |
| **Greece** | Lead | 6 |
| | Aluminium, Aluminium Alloy, Zinc, NASAAC | 11 |
| **Guinea** | Aluminium, Aluminium Alloy, NASAAC | 11 |
| **Guyana** | Aluminium, Aluminium Alloy, NASAAC | 6 |
| **India** | Aluminium | 11 |
| | Aluminium Alloy, Copper, Lead, NASAAC, Zinc | 13 |
| **Indonesia** | Aluminium, Copper, Lead | 7 |
| **Ireland** | Lead | 7 |
| **Jamaica** | Aluminium, Aluminium Alloy, NASAAC | 6 |
| **Japan** | Aluminium Alloy, Copper, NASAAC | 5 |
| **Kazakhstan** | Zinc | 8 |
| | Copper, Lead | 9 |
| **Malaysia** | Copper, Lead, Zinc | 5 |
| **Mexico** | Copper, Zinc | 5 |

[5] LME Red Flag Assessment Template 2023: https://www.lme.com/-/media/Files/Company/Responsibility/Responsible-sourcing/LME-Red-Flag-Assessment-Template-2023.pdf

| | | |
|---|---|---|
| | Lead | 7 |
| **Morocco** | Lead, Zinc | 10 |
| **Namibia** | Lead, Zinc | 11 |
| **North Macedonia** | Lead, Zinc | 11 |
| **Peru** | Zinc | 10 |
| | Copper, Lead | 12 |
| **Russia** | Aluminium, Aluminium Alloy, Lead, NASAAC, Zinc, Copper | 13 |
| **Saudi Arabia** | Aluminium, Aluminium Alloy, Copper, NASAAC | 9 |
| **South Africa** | Aluminium Alloy, Lead, Nickel, NASAAC, Zinc | 6 |
| **Spain** | Zinc | 6 |
| | Lead | 7 |
| | Aluminium, Aluminium Alloy, NASAAC | 10 |
| **Sweden** | Zinc | 5 |
| | Lead | 7 |
| **Tajikistan** | Lead, Zinc | 9 |
| **The Netherlands** | Aluminium, Aluminium Alloy, Lead, NASAAC | 9 |
| **Tunisia** | Lead, Zinc | 9 |
| **Turkey** | Zinc | 6 |
| | Lead | 7 |
| **United Kingdom** | Aluminium, Lead, Zinc | 7 |
| **USA** | Lead | 7 |
| | Aluminium, Aluminium Alloy, Copper, Zinc, NASAAC | 11 |
| **Uzbekistan** | Lead, Zinc | 9 |
| **Vietnam** | Aluminium, Aluminium Alloy, Lead, NASAAC | 10 |
| **Argentina, Bosnia and Herzegovina, Bulgaria, Burkina Faso, Cyprus, Eritrea, Finland, Ghana, Hungary, Iceland, Iran, Italy, Kosovo, Mauritius, Mongolia, Montenegro, Myanmar, Nigeria, Norway, Oman, Pakistan, Papua New Guinea, Panama, Poland, Portugal, Serbia, Sierra Leone, Singapore, South Korea, Sri Lanka, United Arab Emirates, Zambia, Zimbabwe** | Aluminium, Copper, Lead, Nickel, Zinc | <5 |

**LME commentary:**

The list in Table 5 for question 4b represents a subset of countries from question 4a and Table 4. In 4a, Producers identify all locations of their Relevant Companies, and in 4b, Producers identify which are locations where minerals are sourced by the Relevant Company.

### 3.5 ASSESSMENT OF GEOGRAPHIES (ORIGINATION AND CHAIN OF CUSTODY)

**RFA question 5a:**

*For each of the countries identified in the answers to items 00, 00, 00 and 00, classify that country (based on the Producer's analysis during the Reporting Period) into:*

*(i) A country of which no area falls into the CAHRA definition;*
*(ii) A country of which all areas fall into the CAHRA definition; or*
*(iii) A country of which some, but not all, areas fall into the CAHRA definition. In this case, indicate whether the areas to which the answers to items 00, 00, 00 and 00 relate fall within the CAHRA definition*

*Countries falling into the CAHRA definition per (ii), and regions of countries falling into the CAHRA definition per (iii), shall be referred to as "CAHRA areas".*

**Summary statistics:**

**Table 6 Country CAHRA evaluations by number of Brands**

| Country | Metal (s) | Non-CAHRA | Some CAHRA | All CAHRA |
|---|---|---|---|---|
| **Albania** | Aluminium, Aluminium Alloy, NASAAC, Zinc | 7 | 0 | 0 |
| **Algeria** | Aluminium, Aluminium Alloy, NASAAC | 7 | 0 | 0 |
| **Angola** | Aluminium, Aluminium Alloy, NASAAC | 6 | 0 | 0 |
| **Argentina** | Aluminium, Copper, Lead, Zinc | 7 | 0 | 0 |
| **Armenia** | Aluminium, Aluminium Alloy, NASAAC | 6 | 0 | 0 |
| **Aruba** | Aluminium, Aluminium Alloy, NASAAC | 6 | 0 | 0 |
| **Australia** | Aluminium, Aluminium Alloy, Copper, Lead, NASAAC, Zinc | 49 | 0 | 0 |
| **Austria** | Aluminium, Aluminium Alloy, Lead, NASAAC | 9 | 0 | 0 |
| **Belgium** | Aluminium, Aluminium Alloy, Lead, Nickel, NASAAC, Zinc | 11 | 0 | 0 |
| **Bermuda** | Aluminium, Aluminium Alloy, NASAAC | 6 | 0 | 0 |
| **Bolivia** | Lead, Zinc | 17 | 0 | 0 |
| **Bosnia and Herzegovina** | Lead, Zinc | 7 | 0 | 0 |
| **Brazil** | Aluminium, Aluminium Alloy, Copper, NASAAC, Lead, Nickel, Zinc | 27 | 0 | 0 |
| **British Virgin Islands** | Aluminium, Aluminium Alloy, NASAAC | 8 | 0 | 0 |
| **Bulgaria** | Aluminium, Aluminium Alloy, Lead, NASAAC, Zinc | 14 | 0 | 0 |
| **Burkina Faso** | Aluminium, Aluminium Alloy, NASAAC | <5 | 6 | 0 |
| **Cambodia** | Aluminium, Aluminium Alloy, NASAAC | 6 | 0 | 0 |
| **Canada** | Aluminium, Aluminium Alloy, Copper, Nickel, NASAAC, Zinc | 36 | 0 | 0 |
| **Chile** | Aluminium, Aluminium Alloy, Copper, Lead, NASAAC, Zinc | 19 | 0 | 0 |
| **China** | Aluminium, Aluminium Alloy, Copper, Lead, NASAAC | 39 | 0 | 0 |
| **Colombia** | Aluminium, Aluminium Alloy, NASAAC | 0 | 6 | 0 |
| **Cuba** | Lead, Zinc | 8 | 0 | 0 |
| **Cyprus** | Aluminium, Aluminium Alloy, Lead, NASAAC, Zinc | 9 | 0 | 0 |
| **Democratic Republic of the Congo** | Copper | 0 | 0 | <5 |

| | | | | |
|---|---|---|---|---|
| **Egypt** | Aluminium | 0 | 0 | <5 |
| **Finland** | Aluminium, Aluminium Alloy, Lead, Nickel, NASAAC, Zinc | 9 | 0 | 0 |
| **France** | Aluminium, Aluminium Alloy, Lead, Nickel, NASAAC | 9 | 0 | 0 |
| **Georgia** | Aluminium, Aluminium Alloy, NASAAC | 6 | 0 | 0 |
| **Germany** | Aluminium, Aluminium Alloy, Lead, NASAAC, Zinc | 24 | 0 | 0 |
| **Ghana** | Aluminium, Aluminium Alloy, Copper, NASAAC | 8 | 0 | 0 |
| **Greece** | Aluminium, Aluminium Alloy, Lead, NASAAC, Zinc | 20 | 0 | 0 |
| **Guernsey Islands** | Aluminium, Aluminium Alloy, NASAAC | 6 | 0 | 0 |
| **Guinea** | Aluminium, Aluminium Alloy, NASAAC | 12 | 0 | 0 |
| **Guyana** | Aluminium, Aluminium Alloy, NASAAC | 6 | 0 | 0 |
| **Hungary** | Aluminium, Lead, Zinc | 5 | 0 | 0 |
| **Iceland** | Aluminium, Aluminium Alloy, NASAAC | 7 | 0 | 0 |
| **India** | Aluminium, Aluminium Alloy, Copper, Lead, NASAAC, Zinc | 8 | 15 | <5 |
| **Indonesia** | Aluminium, Aluminium Alloy, Copper, Lead, NASAAC | 13 | 0 | 0 |
| **Iran** | Aluminium, Aluminium Alloy, Lead, NASAAC | 7 | 0 | 0 |
| **Iraq** | Aluminium, Aluminium Alloy, NASAAC | 7 | 0 | 0 |
| **Ireland** | Aluminium, Aluminium Alloy, Lead, NASAAC | 13 | 0 | 0 |
| **Italy** | Aluminium, Aluminium Alloy, Lead, NASAAC, Zinc | 11 | 0 | 0 |
| **Jamaica** | Aluminium, Aluminium Alloy, NASAAC | 8 | 0 | 0 |
| **Japan** | Aluminium, Aluminium Alloy, Copper, NASAAC | 13 | 0 | 0 |
| **Jersey** | Aluminium, Aluminium Alloy, NASAAC | 6 | 0 | 0 |
| **Jordan** | Aluminium, Aluminium Alloy, NASAAC | 6 | 0 | 0 |
| **Kazakhstan** | Aluminium, Aluminium Alloy, Copper, Lead, NASAAC, Zinc | 17 | 0 | 0 |
| **Kosovo** | Lead, Zinc | 6 | 0 | 0 |
| **Laos** | Aluminium, Aluminium Alloy, NASAAC | 6 | 0 | 0 |
| **Libya** | Aluminium | 0 | 0 | <5 |
| **Luxembourg** | Aluminium, Aluminium Alloy, Lead, NASAAC, Zinc | 10 | 0 | 0 |
| **Macedonia** | Lead, Zinc | 7 | 0 | 0 |
| **Madagascar** | Aluminium, Aluminium Alloy, NASAAC | 6 | 0 | 0 |
| **Malaysia** | Aluminium, Copper, Aluminium Alloy, Lead, NASAAC, Zinc | 11 | 0 | 0 |
| **Marshall Islands** | Aluminium, Aluminium Alloy, NASAAC | 6 | 0 | 0 |
| **Mexico** | Aluminium, Aluminium Alloy, Copper, Lead, NASAAC, Zinc | 13 | 7 | <5 |
| **Mongolia** | Aluminium, Aluminium Alloy, Lead, NASAAC | 7 | 0 | 0 |
| **Montenegro** | Aluminium, Lead, Zinc | 6 | 0 | 0 |

| | | | | |
|---|---|---|---|---|
| **Morocco** | Lead, Zinc | 11 | 0 | 0 |
| **Mozambique** | Aluminium, Aluminium Alloy, NASAAC | 0 | 7 | 0 |
| **Myanmar** | Lead | 0 | 0 | <5 |
| **Namibia** | Copper, Lead, Zinc | 12 | 0 | 0 |
| **Netherlands** | Aluminium, Aluminium Alloy, Lead, NASAAC, Zinc | 20 | 0 | 0 |
| **New Zealand** | Aluminium, Aluminium Alloy, NASAAC | 6 | 0 | 0 |
| **Nigeria** | Aluminium, Aluminium Alloy, Lead, NASAAC | 0 | 6 | <5 |
| **North Macedonia** | Aluminium, Aluminium Alloy, Lead, NASAAC, Zinc | 10 | 0 | 0 |
| **Norway** | Aluminium, Aluminium Alloy, Nickel, NASAAC | 10 | 0 | 0 |
| **Oman** | Aluminium, Aluminium Alloy, NASAAC | 7 | 0 | 0 |
| **Panama** | Aluminium, Aluminium Alloy, Copper, NASAAC | 9 | 0 | 0 |
| **Papua New Guinea** | Aluminium, Aluminium Alloy, Copper, NASAAC | 7 | 0 | 0 |
| **Peru** | Aluminium, Aluminium Alloy, Copper, Lead, NASAAC | 30 | 0 | 0 |
| **Philippines** | Aluminium, Aluminium Alloy, NASAAC | 0 | 6 | 0 |
| **Portugal** | Aluminium, Aluminium Alloy, Lead, NASAAC, Zinc | 14 | 0 | 0 |
| **Puerto Rico** | Aluminium, Aluminium Alloy, NASAAC | 6 | 0 | 0 |
| **Romania** | Aluminium, Aluminium Alloy, NASAAC | 8 | 0 | 0 |
| **Russia** | Aluminium, Aluminium Alloy, Copper, Lead, NASAAC, Zinc | 17 | 0 | 0 |
| **Saudi Arabia** | Aluminium, Aluminium Alloy, Copper, NASAAC | 10 | 0 | 0 |
| **Serbia** | Aluminium, Lead, Zinc, Aluminium Alloy, NASAAC | 12 | 0 | 0 |
| **Singapore** | Aluminium, Aluminium Alloy, Copper, NASAAC | 8 | 0 | 0 |
| **Slovenia** | Aluminium, Aluminium Alloy, NASAAC | 7 | 0 | 0 |
| **South Africa** | Aluminium, Aluminium Alloy, Lead, Nickel, NASAAC, Zinc | 15 | 0 | 0 |
| **South Korea** | Aluminium, Aluminium Alloy, Copper, NASAAC | 9 | 0 | 0 |
| **Spain** | Aluminium, Aluminium Alloy, Copper, NASAAC, Lead, Zinc | 33 | 0 | 0 |
| **Sweden** | Aluminium, Aluminium Alloy, Lead, NASAAC, Zinc | 20 | 0 | 0 |
| **Switzerland** | Aluminium, Aluminium Alloy, Copper, NASAAC, Lead, Zinc | 13 | 0 | 0 |
| **Taiwan** | Aluminium, Aluminium Alloy, NASAAC | 6 | 0 | 0 |
| **Tajikistan** | Lead, Zinc | 0 | 0 | 9 |
| **Tunisia** | Aluminium, Aluminium Alloy, Lead, NASAAC, Zinc | 16 | 0 | 0 |
| **Turkey** | Aluminium, Aluminium Alloy, Lead, NASAAC, Zinc | 14 | 7 | <5 |
| **Uganda** | Aluminium, Aluminium Alloy, NASAAC | 7 | 0 | 0 |
| **Ukraine** | Aluminium, Aluminium Alloy, NASAAC | 0 | 6 | 0 |

| | | | | |
|---|---|---|---|---|
| **United Arab Emirates** | Aluminium, Aluminium Alloy, Copper, NASAAC | 10 | 0 | 0 |
| **United Kingdom** | Aluminium, Aluminium Alloy, Lead, NASAAC, Zinc | 21 | 0 | 0 |
| **United States of America** | Aluminium, Aluminium Alloy, Copper, NASAAC, Lead, Zinc | 39 | 0 | 0 |
| **Uzbekistan** | Aluminium, Aluminium Alloy, Lead, NASAAC, Zinc | 16 | 0 | 0 |
| **Vietnam** | Aluminium, Aluminium Alloy, Lead, NASAAC | 10 | 0 | 0 |
| **Yemen** | Aluminium | 0 | 0 | <5 |
| **Zambia** | Aluminium, Aluminium Alloy, Copper, NASAAC | 9 | 0 | 0 |
| **Zimbabwe** | Nickel | 0 | 0 | <5 |
| **Botswana, Burkina Faso, Czech Republic Côte d'Ivoire, Dominican Republic, Ecuador, Eritrea, Mauritius, Poland, Sierra Leone, Slovakia, Sri Lanka, Suriname** | Aluminium, Copper, Lead, Zinc | <5 | 0 | 0 |

**LME commentary:**

The LME reminds consumers of this data that the table above only reflects those Producers using Track C, so is not a comprehensive assessment of all Producer views. Producers using Tracks A or B may have identified some of the countries above as CAHRAs, but that data is not included above. In addition, this data is reflective of the 2021 Reporting Period.

Approximately 50% of Brands had Producers that reported their CAHRA determination methodology involves the indicative, non-exhaustive list of CAHRAs under Regulation (EU) 2017/821 ("the EU CAHRA list"). One third of Brands had Producers who use a combination of the EU CAHRA list and other resources such as the Responsible Minerals Initiative's Global Risk Map, TDi's CAHRA Index, international sanction lists, and indices such as the Heidelberg Conflict Barometer. Around 37% of Brands had Producers who used internal or consultancy-provided CAHRA determination methodologies.

As the EU CAHRA list methodology is tailored for regions relevant to tin, tantalum, tungsten, and gold[6], Producers producing other metals that only relied on the EU CAHRA list were encouraged to revise their methodology for CAHRA identification for future submissions to ensure it does not exclude information about countries relevant to the production of their relevant metals.

**RFA question 5b:**

*For each of the countries identified in the answers to items 00, 00, 00 and 00, indicate whether or not (based on the Producer's risk identification during the Reporting Period) minerals from CAHRAs are known to transit through that country.*

**Summary statistics:**

No Producers reported countries through which minerals from CAHRAs were known to transit.

[6] Bellasio, Jacopo, Anna Knack, Victoria Jordan, and Ruth Harris, *Provision of an indicative, non-exhaustive list of conflict-affected and high-risk areas under Regulation 2017/821: Task A – Methodology development*. Santa Monica, CA: RAND Corporation, 2020. https://www.rand.org/pubs/research_reports/RRA158-1.html

**LME commentary:**

In other sectors such as gold, there are countries through which minerals originating from conflict areas are known to transit, and in some cases, the origin is disguised after transiting through these regions – hence this question. These countries have been identified through the past decade of OECD Guidance implementation and other investigative efforts. In contrast, many of the metals relevant to the LME's Policy are just beginning to implement the OECD Guidance. It may be that base metals do not engender this issue (or at least, not to the same extent as seen in other supply chains), or that they have not yet been fully identified and understood. Equally, it is possible that locations through which minerals from conflict areas are known to transit are not reported due to lack of understanding of specific transit routes. The LME expects that the answer to this question will become more insightful as the OECD Guidance becomes embedded in these supply chains.

**RFA question 5c:**

*For each of the countries identified in the answers to items 00, 00, 00 and 00, indicate whether or not (based on the Producer's risk identification during the Reporting Period) that country (in respect of the contribution of minerals from that country to production of the Brand) has limited known resources, likely resources or expected production levels (i.e. whether the declared volumes of mineral from that country for use in producing the Brand are out of keeping with that country's known reserves or expected production levels).*

**Summary statistics:**

No Producer reported that countries identified in their answers to 3)a, 3)b, 4)a and 4)b had limited known resources, likely resources or expected production levels compared to the amount provided to the Producer for production of the LME Brand.

**LME commentary**

The LME believes that the information reported above for question 5c is self-explanatory, and no further commentary is required.

**3.6 FINANCIAL CRIME AND CORRUPTION RISK**

**RFA question 6a:**

***Payments made to governments****: Confirm that the Producer discloses information in respect of this Brand in this Reporting Period on payments made to governments in line with Extractive Industries Transparency Initiative ("EITI") criteria and principles, and provide the details of where such reporting may be found.*

**Summary statistics:**

A total of 32% of Brands had Producers who reported that they disclose information in line with EITI criteria and principles, and 26% of those included links to their annual financial reports or national government websites. For non-EITI implementing countries, Producers often indicated they pay all relevant taxes to country governments and those that are public companies explained that they are required to publish their financial statements on their websites.

**LME commentary:**

Since smelters and refiners are not subject to EITI reporting and many LME Producers do not operate in an EITI-implementing country, over 60% of Producers did not have public reporting on EITI criteria or principles. Those that did have EITI reporting often owned mining assets in EITI-implementing countries in addition to their LME-Brand producing asset.

**RFA question 6b:**

***Per-country EITI transparency**: For each of the countries identified in the answers to items 00, 00, 00 and 00, set out:*

*(i) Whether the country is an EITI member country;*

*(ii) If the country is an EITI member country, whether the Producer, its suppliers and/or other upstream companies are in compliance with the EITI reporting requirements of that country. Where relevant (and where such disclosure would not require the disclosure of commercially confidential information), provide links to the latest EITI report, or the relevant company's submission for the purpose of EITI reporting; or*

*(iii) If the country is not an EITI member country, whether the Producer, its suppliers and/or other upstream companies undertake other steps to provide transparency on payments and other matters in line with the aims of EITI*

**Summary statistics:**

**Table 7 Percentage of Brands with the following EITI-implementing countries in their supply chain who provided links to EITI reports**

| Country | Percentage of Brands with links to EITI reports |
|---|---|
| **Albania** | 14% |
| **Argentina** | 29% |
| **Burkina Faso** | 33% |
| **Côte d'Ivoire** | 67% |
| **Germany** | 17% |
| **Ghana** | 13% |
| **Guinea** | 42% |
| **Indonesia** | 38% |
| **Iraq** | 14% |
| **Kazakhstan** | 54% |
| **Mexico** | 5% |
| **Netherlands** | 5% |
| **Nigeria** | 13% |
| **Norway** | 10% |
| **Peru** | 13% |
| **Sierra Leone** | 100% |
| **Uganda** | 14% |
| **United Kingdom** | 10% |
| **Zambia** | 33% |

For non-EITI implementing countries (question 6 b. (iii)), 11% of Producers were able to provide evidence demonstrating their suppliers and/or other upstream companies undertook other steps to provide transparency on payments and other matters in line with the aims of EITI.

**LME commentary:**

Where Producer submissions incorrectly identified EITI-implementing countries, the LME allowed the Producer to make corrections to their RFA and only included the final corrected data here. Table 7 relates to question 6 b. (ii), showing the percentage of Brands whose Producers provided evidence to show their suppliers are in compliance with the reporting requirements of EITI-implementing countries. In these cases, the LME noted most Producers provided country-level EITI reports, rather than specific supplier reports. This may be due to a wish to protect confidential supplier information as the LME does not require disclosure of supplier names, or due to the difficulty of finding the specific supplier's EITI reporting.

The number of Producers that were able to provide evidence that their suppliers are implementing EITI criteria and principles is lower than anticipated, though as mentioned, smelters and refiners are not subject to EITI reporting and EITI is not adopted in all countries. The LME is working with the EITI and the OECD to better understand the data Producers can expect to find through EITI reporting to support their due diligence. The LME has already made modifications to the revised RFA to reflect what was learned in 2022[7].

### 3.7 RED FLAG ASSESSMENT

**RFA question 7a-7i:**

a. *Do any of the countries identified in 00 (origin of minerals) or 00 (transit of minerals) fall into the CAHRA areas identified in 0?*
b. *Do any of the countries identified in 00 (origin of minerals) fall into the list of limited resource countries identified in 0?*
c. *Do any of the countries identified in 00 (origin of minerals) fall into the list of transit counties identified in 0?*
d. *Do any of the countries identified in 00 (shareholder and other interests) fall into the CAHRA areas identified in 0, or the list of transit counties identified in 0?*
e. *Do any of the countries identified in 00 (supplier operations) fall into the CAHRA areas identified in 0, or the list of transit counties identified in 0?*
f. *Is the answer to 00 (unknown source of minerals) positive?*
g. *Does the Producer fail to undertake required EITI reporting pursuant to 00?*
h. *Is the answer to any of* ***Error! Reference source not found.****a –* ***Error! Reference source not found.****g positive?*
i. *Does the Producer believe that the Red Flag Assessment should result in a different outcome than indicated in* ***Error! Reference source not found.****h? If so, then a full explanation must be given.*

**Summary statistics:**

A total of 25% of Brands had Producers that raised a potential red flag, but the final result of their assessment included no red flags. The majority of these potential red flags were related to the supplier red flag (question 4). Explanations for how the Producer evaluated the potential supplier red flag included verification through public sources, Know Your Counterparty checks, engagement with suppliers, or chemical sampling to confirm materials from red flag locations did not enter the Brand's feedstock. In addition, one Producer lowered a red flag due to the evaluation that it was wholly owned by the Producer and had a recent audit by a well-known audit programme, and provided those audit results to the LME. The LME discussed this with the Producer and agreed that this was a sufficiently

[7] LME Red Flag Assessment Template 2023: https://www.lme.com/-/media/Files/Company/Responsibility/Responsible-sourcing/LME-Red-Flag-Assessment-Template-2023.pdf

grey area that it would accept this as a lowered red flag for this year, but noted that in future, this would not be accepted.

**LME commentary**

The LME believes that the information reported above for question 7a-i is self-explanatory, and no further commentary is required.

## 4 CONCLUSION

The LME greatly appreciates Producers' effort in implementing the OECD Guidance and engaging with the Track C RFA review process. This was the first supply chain due diligence exercise for some Producers, as well as the first year of reporting for the LME, and there remain many opportunities for improvement. The LME welcomes any feedback or questions, particularly from Producers that wish to be compliant with the LME Responsible Sourcing Policy through Track C.