

To: All members, warehouse companies and their London agents and other interested parties

Ref: 22/211

Classification: Brands General

Date: 01 September 2022

Subject: **UPDATE ON RESPONSIBLE SOURCING REPORTING FOR LME-LISTED BRANDS**

Summary

1. This notice provides an update on LME responsible sourcing – progress to date, and detail on next steps.

Background

2. In October 2019, the LME published its [LME Policy on Responsible Sourcing of LME-Listed Brands](#) (the “Policy”), requiring all of its listed brands to comply with a set of requirements concerning the responsible sourcing of metals. The Policy aims to ensure that the supply chains of brands traded on the LME respect human rights and do not contribute to conflict financing or corruption.
3. 30 June 2022 marked the LME’s first responsible sourcing deadline, by which time all producers of LME-listed brands were required to submit information that demonstrated how they were implementing the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.
4. Producers that purchase primary (mined) material were required to follow one of three compliance tracks, while producers that only source secondary materials could voluntarily follow one of the three tracks, or, alternatively, submit an attestation confirming their sourcing practices. As described in the Policy, the exact documentation that the brand producers were requested to submit varied depending on the compliance track.

Update

5. This was a new initiative for the producers of the LME’s listed brands and the LME recognises that it required significant time and resources to understand and address the new requirements. Over 96% of LME listed brands complied with the deadline across all physically settled contracts (aluminium, aluminium alloy, North American Special Aluminium Alloy Contract (“NASAAC”), cobalt, copper, lead, nickel, tin, and zinc).
6. As anticipated, the responses submitted demonstrated a broad spectrum of understanding on responsible sourcing, with some brands demonstrating extensive experience and others at an earlier stage of engagement. The LME looks forward to engaging with all its brands to enhance and refine the work already undertaken.
7. In the interim, however, the LME is conscious that all brands need to meet its minimum requirements to ensure fairness and the ongoing accuracy of LME pricing, and thus a series of next steps have been initiated, which vary across its listed brands.
8. In instances where brands do not comply with the Policy, or choose not to, they will be delisted. Brands with significant work outstanding to meet the Policy requirements will be suspended until the work is completed. The exact timing of these actions depends on when the producer of the brand notifies the LME of its decision not to comply, or when the LME concludes that the producer of a brand’s efforts are not of a sufficient standard.



9. Delistings and suspensions can be initiated by the producer of the brand and / or the LME.
10. It is important to note that as well as reasons relating to responsible sourcing, brands may also be suspended for other reasons, including but not limited to:
 - a. Production stoppage
 - b. Desire to no longer maintain a listing
 - c. Failure to meet [other LME listing requirements](#)
11. It should be noted therefore, that not all recent suspensions or delistings, or those announced in the coming months, may be directly due to a brand's failure to comply with the Policy. The LME does not share the reason for each brand suspension or delisting, so interested parties should contact producers of brands shown as suspended or delisted directly if they require further details.

Future developments

12. The LME believes that it is only through collaboration with metal supply chains, their business partners, civil society representatives, governments, and other stakeholders that the industry will see the changes in production and sourcing practices that are needed. Therefore, the LME is committed to sharing insights gained that can help all actors working on common goals in respect of the responsible sourcing of metals.
13. As such, the LME looks forward to sharing information learned through the implementation of the Policy, and anticipates that it will provide a more detailed analysis of progress so far during its [Sustainability Afternoon](#) at the 2022 LME Metals Seminar.
14. The LME plans to make improvements to the responsible sourcing programme over time, with the aim of facilitating better understanding and ease of reporting. As outlined in the Policy, the LME will make every effort to consult with its stakeholders before implementing any significant changes, and the Exchange welcomes feedback that may improve the efficiency and effectiveness of the programme as part of this discussion process.

Conclusion

15. The LME would like to take this opportunity to thank all of its stakeholders in the responsible sourcing programme, especially the producers of listed brands and [approved partners](#), including the standards providers and metals associations, who have all worked hard to meet the 30 June 2022 deadline.
16. Details about the LME's responsible sourcing programme – including a description of the requirements and future deadlines – are available on the [LME website](#).

Georgina Hallett
Chief Sustainability Officer

cc: Board directors
All committees