

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

Ref: 24/005

Classification: Brands General

Date: 15 January 2024

Subject: **2024 UPDATE ON RESPONSIBLE SOURCING REPORTING FOR LME-LISTED BRANDS**

Summary

1. This notice provides an update on the LME responsible sourcing programme following the 31 December 2023 Track A and ISO certification deadline.

Background

2. In October 2019, the LME published its [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. In addition, the Policy expects LME brand producers to manage occupational health and safety risks and environmental risks on their own sites.
3. 31 December 2023 marked a significant deadline in the Policy for two reasons: (1) all producers of LME-listed brands needed to submit ISO 14001 and ISO 45001 certificates or equivalent, demonstrating implementation of environmental management and health and safety management systems at their own sites and (2) all brand producers following Track A (over 50% of LME brands) were required to submit audit reports from their chosen standards, demonstrating their implementation of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (“OECD Guidance”). This was the first time the LME has required these certificates and reports.
4. Brand producers following Track B, C, or D to compliance have been providing documentation to the LME regarding the OECD Guidance component of the requirement since 30 June 2022, so only the provision of ISO certificates was new for these brands.

Compliance update

5. As of 15 January 2024, the LME has a total of 435 brands across its physically settled contracts: aluminium, aluminium alloy, North American Special Aluminium Alloy Contract (“NASAAC”), cobalt, copper, lead, nickel, tin, and zinc, located in 54 countries.
6. As of 15 January 2024, the LME plans to suspend or delist 10% of brands, noting that it fully expects that a proportion of these brands will be able to re-list in due course, once they have completed the work to address the requirements of the Policy. The remaining 90% have submitted appropriate compliance information and the LME is working through these submissions, engaging directly with brands where necessary to obtain clarifications or further information where required. Based on its initial review of submitted documentation, the LME is satisfied that a large majority of these brands are fully compliant. It is possible that the documentation review will result in a small further number of brands being found not to have achieved the required standard as yet, and these brands will need to be suspended in the short term unless and until any outstanding queries can be resolved.
7. The [LME approved brands list](#) will be updated in the coming months as the LME initiates action as and where required.



Consequences of non-compliance

8. In instances where brands do not comply with the Policy, or choose not to, they will be suspended or 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 brand producer'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 producer'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.

Transparency

12. Transparency has been a key tenet of the LME's Policy since inception, and LME encourages market participants to review the reporting by the brand producers. Responsible sourcing compliance information for Tracks B and D is already available on [LMEpassport](#), LME's own digital credentials register. Reports from Track C will be available from 2026 onwards, and in the intervening years, summary statistics and anonymised reporting from Track C can be found on the responsible sourcing page of the [LME website](#).
13. Many producers are choosing, on a voluntary basis, to share their Track A audit report and ISO certifications on LMEpassport as well. If a producer has chosen to do so, interested parties will find the Track A audit reports and ISO certificates [here](#).
14. Interested parties may also find the Track A audit reports on the websites of the relevant standards below. ISO certifications can typically be found on the website of the brand producer, or in databases such as [IAFCertSearch](#).

Track A Standard	Proof point	Location of audit reports
Aluminium Stewardship Initiative (ASI) Performance Standard V3	ASI Performance Standard Summary Audit Report (version 3)	https://aluminium-stewardship.org/about-asi/members?class=Production%20and%20Transformation&cert=ps
Chinese Due Diligence Guidelines for Mineral Supply Chains (Second Edition)	Mineral Supply Chain Due Diligence Assessment Report (Smelter & Refiner)	https://www.cccmc.org.cn/kcxfzz/zyzx/bg/
Joint Due Diligence Standard assessed with the Copper Mark Assurance Process	The Assessment Summary Report, which may be for The Copper Mark, The Nickel Mark, The Zinc Mark or the stand-alone assessment against the Joint Due Diligence Standard	https://coppermark.org/participants-home/participants/ and https://coppermark.org/participants-home/jdd-sites/
London Bullion Market Association (LBMA) Responsible Gold Guidance version 9	Independent Reasonable Assurance Report, including additions required by LBMA - LME Guide version 2, 10 May 2023 (PDF)	https://www.lbma.org.uk/good-delivery/gold-current-list#-



<p>RMI Cobalt Refiner Supply Chain Due Diligence Standard</p> <p>RMI Global Responsible Sourcing Due Diligence Standard for Mineral Supply Chains All Minerals</p> <p>RMI Tin and Tantalum Standard or ITA-RMI Assessment Criteria</p> <p>Joint Due Diligence Standard assessed with Responsible Minerals Assurance Process</p>	<p>RMAP Summary Assessment Report</p>	<p>https://www.responsiblemineralsinitiative.org/facilities-lists/active-conformant-facilities-list/active-conformant-facilities-list-search/</p>
<p>Tin Code (Standard 7.3 Responsible Sourcing) assessed with the ITA-RMI Assessment Criteria</p>	<p>Tin Code Report</p>	<p>https://tincode.org/reports-results/</p>

Future developments

- 15. 31 December 2023 is the final deadline in a series that began on 30 June 2022. From this point forward, the three expectations of the Policy (ISO 14001, ISO 45001, and OECD Guidance implementation) are required for all current and future brands listed with the LME.
- 16. The LME celebrates the commitment and support of the industry in reaching this important reporting milestone, and thanks the producers of its listed brands for their hard work and dedication. Through the review of documentation submitted and engagement with the market, the LME notes there are many open challenges relating to human rights abuses, corruption, other business integrity issues, occupational health and safety, and environmental risks in the metals industry. The LME is committed to continued progress in this area and work is already underway on specific topics such as audit quality, Step 5 reporting quality, LME’s data transparency, and responsible recycling.
- 17. The LME’s wider sustainability programme also continues to develop, with plans to release an update on the LME’s previously released Sustainability Discussion Paper (2020). This is in acknowledgment of the rapidly changing landscape, where new sustainability-related priorities, challenges and opportunities have arisen.

Conclusion

- 18. The LME marks this moment as a shift in the definition of the LME prices, which have now begun to reflect the requirements of responsible sourcing. The LME also notes that responsible sourcing will never be complete, but will remain an ongoing commitment; the LME acknowledges this challenge and looks forward to ongoing collaboration with the industry for support, cooperation and progress.
- 19. Details about the LME’s responsible sourcing programme – including a description of the requirements and publication of statistics – are available on the responsible sourcing page of the [LME website](#).
- 20. The LME is constantly seeking to improve its responsible sourcing and broader sustainability programmes. Feedback on the responsible sourcing programme may be sent to responsiblesourcing@lme.com.

Georgina Hallett
Chief Sustainability Officer

cc: Board directors
All committees