LME Responsible Sourcing Handbook
Version 1

Publication date: May 2023

Table of contents

Table of figures

1   Introduction

The LME occupies a privileged position in the global metals industry. Its Brands list determines which categories of metal can be delivered against LME contracts; and more broadly, many international physical supply contracts stipulate LME Brands for delivery. Accordingly, the LME is able to work with the metals and mining industry to ensure that its Brand list embodies global expectations of best practice.

For over a century, the LME stipulated only metallurgical standards for its Brands. While the LME does not change its approach lightly, after a lengthy market engagement and a formal consultation, the responsible sourcing requirements were introduced in October 2019. The requirements laid out in the LME Policy on Responsible Sourcing of LME-Listed Brands (the "Policy") apply to all Brands listed for good delivery on the LME against physically settled contracts (aluminium, aluminium alloy, North American Special Aluminium Alloy Contract ("NASAAC"), cobalt, copper, lead, nickel, tin and zinc). These requirements are designed to ensure that metal eligible for delivery against LME contracts (LME-listed Brands) appropriately embodies relevant responsible sourcing standards. The requirements are:

1. Implement the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas ("OECD Guidance") through track A, B or C, or confirm secondary sourcing through Track D
2. Maintain an ISO 14001 environmental management system certification or equivalent
3. Maintain an ISO 45001 occupational health and safety management system certification or equivalent

This handbook summarises the Policy and provides specific guidance on topics that merit additional explanation. All the information contained within this handbook (the "Information") is provided for guidance and background purposes only and should therefore be used in conjunction with the Policy.

All capitalised terms not defined in this handbook have the meaning ascribed to them in the Policy. This document may be updated from time to time to reflect changes to the Policy resulting from either changes to OECD Guidance or otherwise. In the event of any conflict or inconsistency between the Information and the Policy, the Policy shall prevail. Recipients of the Information should consult the LME website for further information on the Policy. Neither the LME, nor any of its affiliates makes any warranty or representation, express or implied, or accepts any responsibility or liability for, the reliability or suitability of the Information for any particular purpose. Any market participant with questions in respect of any aspect of the LME's responsible sourcing requirements is encouraged to contact the LME at responsiblesourcing@lme.com.

2 Overview of the LME Policy on Responsible Sourcing of LME-Listed Brands

2.1 LME rationale

The LME created the LME Policy on Responsible Sourcing of LME-Listed Brands for three intrinsically linked reasons, as follows:

- **Collective ethical responsibilities.** The LME believes that its industry has an ethical imperative to embrace principles of responsible sourcing – and therefore, the LME has a key role in facilitating this. The LME is a seller's market, which means that a buyer of metal may be delivered metal of any LME-listed Brand. The LME cannot accept a situation where consumers are required to take delivery of metal which is not responsibly sourced.

- **Commercial imperative.** The fundamental service of the LME is to price metals – and, by the nature of its market, the LME price will generally be the price of the least valuable Brand in the Brand lists. The LME must act to ensure that its price reflects the value of responsibly sourced metal, and is not artificially depressed by metal which is not sourced in such a manner.

- **Providing leadership for the global metals industry.** LME stakeholders demand responsible sourcing – and the metals industry must collectively live up to the responsibility. The LME has listened to calls for it to take a leading role on responsible sourcing – calls which arise because the LME can most efficiently promote a centralised process. And the LME can do this in a manner which leverages the LME's embedded knowledge of the metals market, respects the logistical challenges, builds on existing work in the sector, and provides appropriate time and support to Producers in meeting these requirements.

The LME sees these drivers as entirely complementary. The ultimate arbiter of ethics must be the global consumer; increasingly, consumers are standing up for their ethical beliefs, and demanding that the products they purchase are made from responsibly sourced metal. Those who work in the metals industry also bring strong ethical views on the activities of their own companies. Given this combination, then, the entire supply chain must react, and it becomes the commercial interest of all participants to provide responsibly sourced metal.

2.2 Features underpinning the LME requirements

The following principles encapsulate the foundation of the LME's approach to responsible sourcing:

- **The twin tools of transparency and standards.** Transparency sits at the heart of the LME's strategy; it allows consumers to understand the steps being taken by Producers in respect of responsible sourcing, and drives consistency in the application of standards across and within industries. Equally, the LME recognises that if it is to request such transparency from its Producers, then those Producers must be able to trust that transparency will be used fairly. In particular, Producers who embrace transparency should not feel that they will be disadvantaged by being open about their supply chain risks, while peers may not; further, that the provision of such transparency will not reveal confidential sensitive information about their company. The information to be made transparent must be meaningful and verifiable without being commercially prejudicial; this balance is at the heart of the LME's requirements.

  At the same time, the LME also believes that consumers of metal are entitled to a minimum standard – even if they do not themselves choose to analyse the metals which make up the supply chain of products that they consume. Accordingly, the LME believes that standards are a crucial

element of its system. And while it understands that standards alone could lead to "greenwashing" and a lack of incentive to go beyond minimum standards, the LME believes that the combination of transparency and standards represents an optimised toolbox to protect consumers.

This is why the LME's requirements build on 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 ("OECD Guidance") in requiring both minimum standards and transparency from all Brands, wherever they source their metal. Through OECD compliance, the LME market will meet these dual obligations.

To facilitate this, and in recognition that many models exist for achieving this end, the LME is provides a number of tracks through which Producers may achieve such compliance, fully inclusive of transparency requirements. The LME will be monitoring this intersection of standards and transparency carefully to ensure that the resulting transparency meets globally accepted requirements in order to drive progress. In the event that the LME does not believe that reporting meets these requirements, it reserves the right to increase its expectations in respect of such transparency to ensure that this progress continues. The LME believes that this will motivate Producers to go as far as possible in embracing ethical principles, as their consumer base will then recognise the additional steps taken and react positively.

- **No discrimination between large-scale and artisanal / small-scale mining.** Both forms of mining clearly carry differing, but equally important, risks and challenges. In acknowledging these, the LME recognises that risk assessments must be tailored to the circumstances. Therefore, the LME sets out to provide an equally meaningful set of requirements for both large-scale and artisanal / small-scale mining.

This is particularly relevant in two areas. Firstly in allowing sufficient time for artisanal / small- scale mining to comply with the relevant requirements, the LME is recognising that this industry has further to travel in order to meet globally accepted standards for responsible sourcing, and that without the provision of adequate time to achieve this, the LME will be unfairly disadvantaging those legitimately working in artisanal or small-scale mines.

Secondly, in prioritising Extractive Industries Transparency Initiative ("EITI") reporting, the LME acknowledges the potential for financial crime arising from large-scale mining and the resulting need for transparency. This is why those Producers using the LME's Red Flag Assessment ("RFA") template are required to evaluate whether their suppliers facilitate the disclosure of potential financial crime and corruption risks under EITI, thus addressing one of the key concerns in respect of large-scale mining. Producers utilising a standard will be obliged to meet the requirements of that standard in respect of EITI reporting (in line with the OECD Guidance), and the LME will monitor all associated reporting to ensure this issue is meaningfully addressed. Twinned with the well-established application of OECD requirements to artisanal / small-scale mining risks, the LME intends to achieve an equitable balance which does not disadvantage any route of economic empowerment.

- **Well-established work in the sector.** A huge amount of work has already been undertaken in the responsible sourcing space. The LME wishes to build on this and to provide a framework through which the industry can benefit from this investment.

In particular, the LME's approach is grounded in the OECD Guidance, the most globally relevant approach to responsible sourcing. This then allows Producers to make use of existing standards

(defined by industry bodies, commercial entities and others), if they so wish. And because these standards define audit approaches, the most appropriate auditors will be positioned to assess compliance.

The first stage is the establishment of company management systems and the OECD red flag identification process, which provides a consistent and widely accepted model to identify metal Brands which may require higher focus due to the specific nature of their operations. By using the red flag model – and facilitating it by providing a specific red flag assessment template (the LME RFA template) for those Producers which choose to use it – the LME is embracing global best practice, and indeed, advancing it.

In this respect, the LME intends to play a positive role where it is able to most add value; namely, in facilitating the identification of red flags, and the embedding of transparency principles and standards. The LME does not intend to define or audit those standards, since others are better placed to undertake this role. Rather, the LME's rules provide the framework within which standard definition and auditing can be undertaken on a consistent and fair basis.

- **A pragmatic and clear process.** In order to be meaningful, the LME understands that its approach must be feasible for global Producers of all metals. As such, it must ensure that its requirements are clear and achievable. As outlined above, the LME has detailed a number of tracks through which its Brands may achieve compliance, designed to leverage existing work and provide both risk- and preference-based optionality, as well as a clear and practical structure for those who are new to the field of responsible sourcing.

3 LME requirements

The LME's approach is based on the OECD Guidance, and adopts the OECD five-step framework for risk-based due diligence in the mineral supply chain ("OECD five steps"), as outlined in Annex 1 of the OECD Guidance. The exception to this is Producers of tin Brands, for which the full OECD Supplement on Tin, Tantalum and Tungsten ("3T supplement") will apply, given that the supplement was specifically designed for tin (as well as tantalum and tungsten).

For all Brands, the OECD five steps can be summarised as follows:

- **Step 1:** Establish strong company management systems
- **Step 2a:** Identify risks in the supply chain
- **Step 2b:** Assess risk of adverse impacts
- **Step 3:** Design and implement a strategy to respond to identified risks
- **Step 4:** Carry out independent third-party audit of supply chain due diligence
- **Step 5:** Report on supply chain due diligence

While the LME accepts that there is some debate about the applicability of these steps depending on the results of the risks identification process, the LME believes Producers that identify red flags in their supply chains are required to complete all five steps, while those which do not find red flags are required to complete the relevant elements of Steps 1 and 2a. However, the LME agrees with broad market consensus that it is difficult, if not impossible, to assess the accuracy of Steps 1 and 2a without some

form of audit, assurance or verification[1]. As such, the LME is asking its Producers to provide such evidence through a variety of possible tracks, as outlined below. Further, in line with the core features of the LME requirements, the LME is strongly of the opinion that transparency is essential to the progression of responsible sourcing initiatives, and as such, considers that transparency (Step 5) remains a core requirement for all its listed Brands.

To this end, while the OECD five steps of Annex 1 remain the core of the LME requirements, the LME believes that there exist a number of areas where it is more appropriate or useful to adopt elements from other sections of the OECD Guidance, and so has assumed a broad interpretation of this in several key aspects:

- **Application of the 3T red flags.** Although the LME is satisfied that it is appropriate for base metals to be able to use the OECD five steps, this section does not include any description of red flags, which are crucial to the application of the OECD Guidance. As such, the LME believes that the red flags as defined in the 3T supplement can and should apply to all base metals (as well as tin) and this is the approach adopted by the LME Red Flag Assessment. The LME will also accept the use of red flags as defined in the OECD Supplement on Gold ("gold supplement"). For the avoidance of doubt, this approach may be used even in respect of Producers whose listed Brand is not gold.

  Although the LME is not requiring the use of the 3T supplement more broadly, it continues to believe that it provides relevant guidance and some helpful interpretations of corresponding sections in the main OECD Guidance, and would encourage Producers to review the 3T supplement for such information. Further, if any Producer would like to voluntarily comply with the 3T supplement (or indeed, the gold supplement), the LME would have no objection.

- **Utilisation of the broadest assessment of risk indicators for CAHRAs.** A key element of the red flag assessment is the identification of conflict-affected and high-risk areas ("CAHRAs"). The LME believes that it should take a broad definition of CAHRAs, so as to ensure that the widest range of possible risks is captured, rather than focussing simply on countries plagued by overt conflict. In particular, the LME utilises the definition of CAHRAs in the OECD gold supplement, which provides the most comprehensive assessment of risk indicators for CAHRAs. However, existing standards which have already been alignment assessed, and which prefer to maintain the CAHRA definition from the main section of the OECD Guidance if this is already incorporated within the standard may be allowed to do so.

  In relation to the CAHRA definition under the EU Conflict Minerals Regulation ("CMR") which came into effect in January 2021, the LME's expectation when the responsible sourcing requirements were published was to accept CAHRA definitions based on this list. However, upon review of the methodology, the non-exhaustive list has been formulated to identify CAHRAs only with relation to the minerals that fall within the scope of the CMR (namely tin, tantalum, tungsten, and gold). Thus for tin Brands, this list may be accepted by the LME, but all other metal Brands are encouraged to seek additional resources to make their own determination on the CAHRA status of areas that are relevant to their supply chain.

  For additional CAHRA guidance, see Appendix C: Guidance note on methodologies for the determination of Conflict-Affected and High-Risk Areas.

---

[1] The LME understands that the use of audit vs. assurance is not uniform within the responsible sourcing world. For clarity, the LME will accept either process of verification, as long as (i) the process is consistent with the requirements of an external standard for those on track A, and / or (ii) conducted by a professional included on the LME's list of recognised auditors. For the avoidance of doubt, references to "audits" and "auditors" throughout this document can be taken to mean either auditor or assurer for the purposes of LME compliance, as appropriate to the preferences of the relevant Brand and / or standard

- **Commitment to transparency for all Brands.** The OECD Guidance may be interpreted to suggest that the transparency required under Step 5 is only required when the red flags are engaged. However, the LME believes, in line with much of its market and consistent with its commitment to transparency, that all LME Brands should provide public disclosure over their efforts in respect of responsible sourcing. As such, the LME will require all Producers of its listed Brands to provide such transparency, consistent with their chosen route to compliance.

  Producers complying through the use of an external or internal OECD-aligned standard (be that voluntarily or as a result of the identification or red flags in the supply chain) will be expected to publish Step 5 reporting in line with the OECD Guidance (although the LME notes that both the 3T and gold supplements provide greater clarity and guidance in terms of the content of Step 5 reporting, and the LME would encourage its Producers to refer to these supplements when providing this transparency). Further, while the LME believes that Step 5 reporting is well-established, it does not yet believe that such reporting meets the standard expected by the LME, or indeed, the OECD and broader market actors. The LME is working with the OECD and standard providers to ensure that such reporting rises to meet global expectations, and will reserve the right to require greater transparency in the future should reporting not become more comprehensive.

  As an alternative route to compliance, and in line with the LME's commitment to a pragmatic and clear process, the LME is also providing a standard-form template – the RFA – which can be completed at low cost to assess supply chain red flags, and either audited (with appropriate Step 5 transparency) or fully published to the broader market (on a phased timeline) to provide a subset of common disclosure which will encourage challenge, but not compromise commercial confidentiality. This includes Extractive Industries Transparency Initiative ("EITI") disclosure as to potential financial crime risks.

  The publication of the RFA also offers a secondary benefit, in that it allows a level of review by the market (following the LME's own review), whereby all market stakeholders will be able to review published RFAs. This two-factor level of assurance will help provide clarity and ensure consistency.

- **Commitment to workplace health and safety and other responsible sourcing concerns.** In the first instance, the LME expects Producers to work towards ISO 14001 and ISO 45001 standards, or equivalent.

  The LME fully recognises that there exists a full spectrum of sustainability concerns, and the LME's requirements incorporate only a sub-section of these on the basis of (i) their relevance to the LME market, and (ii) those which have seen the most significant demand from its core stakeholders. That said, the LME does recognise that for many of its listed Brands, a broader, or indeed, alternative set of concerns represent a greater risk than those outlined in the OECD Guidance; further, that much work has been undertaken, including by the United Nations, and as incorporated with the OECD's Guidelines for Multinational Enterprises, in order to identify these risks, and to implement standards and associated certification programmes for the mitigation of such.

  Much of this work has focused on environmental concerns, and while the LME is not proposing to change its core scope in respect of environmental issues, it is continuing with the implementation of ISO 14001 as an interim measure as planned, and more broadly, also incorporating the ISO 45001 in respect of workplace health and safety standards.

  As a final point, for clarity, and in line with the OECD Guidance, the LME's requirements do not include implementation of the OECD Guidance for secondary or recycled metal. However, this is not to say that the LME is not interested in the challenges facing secondary and recycled materials in

terms of traceability, and will continue to work with the market to offer support and input where that would be of use. Further, the LME would welcome voluntary reporting on the part of producers of secondary or recycled metals, and the potential transparency that this engenders; however, it will only be running its framework and assurance process for primary metal.

Through fulfilment of the above, and utilising the tracks outlined below, the LME believes that all its Brands will be able to achieve compliance with the LME's responsible sourcing requirements. The LME's responsible sourcing framework is set out in Figure 1, demonstrating the relationship between the core features of the LME Policy and the routes to implementation.
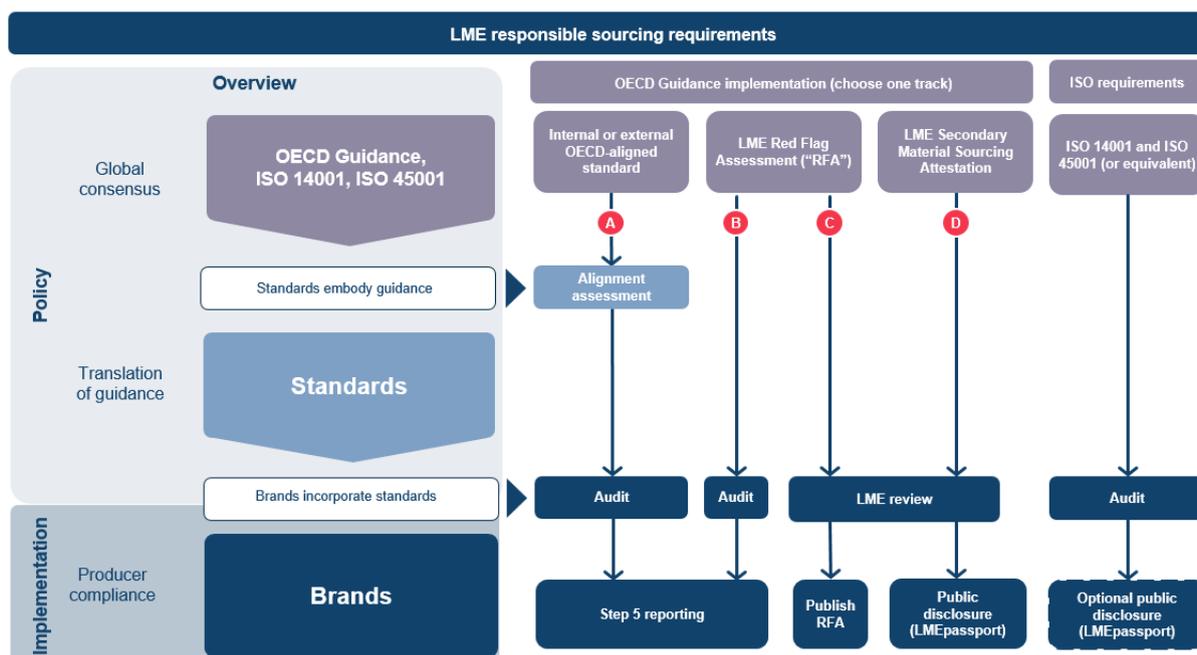
Figure 1: LME framework for responsible sourcing

4 Brand compliance

4.1 Track overview

At the outset, the LME recognises that the risk profile of its metals varies – each of the LME's listed Brands will have specific features which call for varying levels of due diligence – and, as such, it is appropriate for the LME to utilise the OECD's five-step framework, which allows for a risk-based approach. Further, the LME understands that a number of factors go into a Producer's decision-making process when choosing its route to compliance. The LME wishes to respect this by providing optionality in terms of tracks to compliance, which should allow Producers to tailor compliance to their existing processes, as summarised in Figure 2.
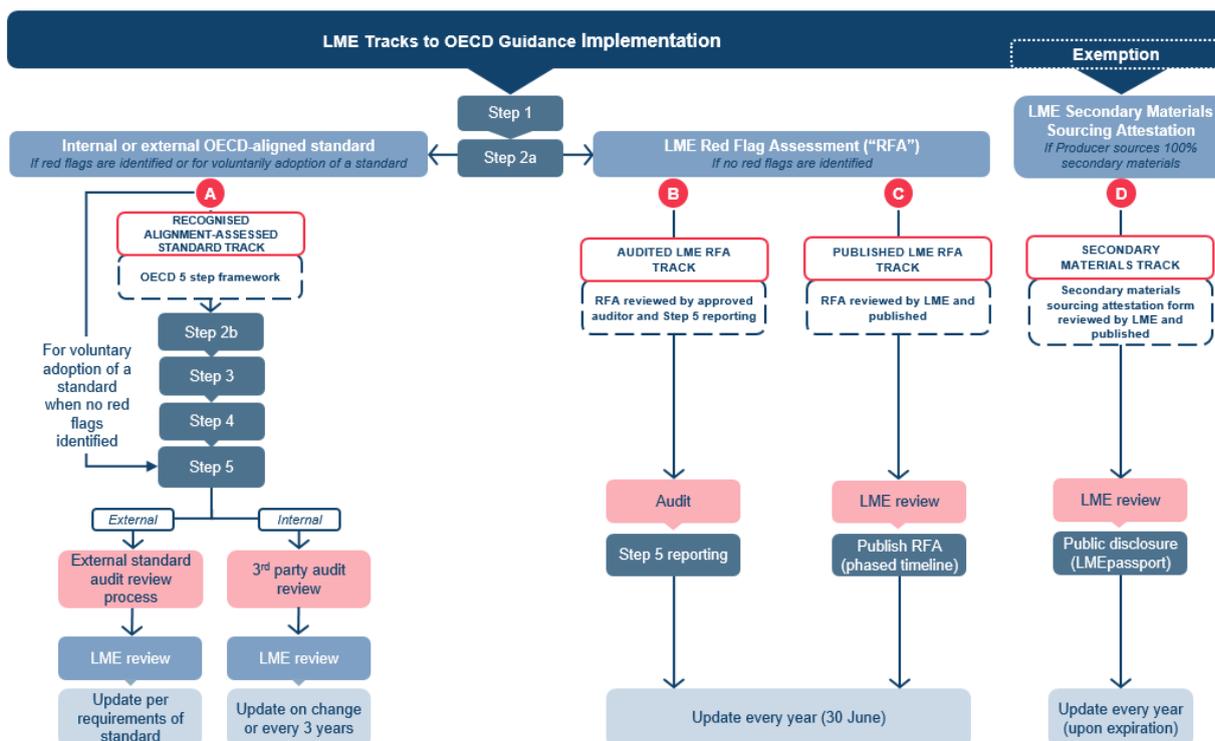
Figure 2: LME tracks to OECD Guidance implementation

4.1.1 Track A: Recognised alignment-assessed standard track

The use of an internal or external OECD-aligned standard is available for (i) all Brands which have identified red flags in their supply chain, (ii) Brands which have not identified red flags, but wish to use a standard to demonstrate their compliance with the applicable OECD five steps, and (iii) those Brands which voluntarily wish to complete all five steps of the OECD Guidance.

The Producer of any Brand falling into these three categories will be expected to undertake the following steps:

- **Identify a standard.** Producers will need to identify the standard towards which they are working to align their Brand. Standards may be internal or external, and the LME believes that either may be used for the purposes of its responsible sourcing framework.

- **Ensure the standard has undergone OECD alignment assessment.** The Producer's chosen standard must be aligned with the OECD Guidance. The LME is aware that alignment assessment is not a "binary" process and acknowledges that alignment assessment results will be qualified in places; accordingly, that there will always be an element of discretion which must be applied by a relevant authority. The LME accepts its responsibility to make these judgement calls (advised by market experts if required) in determining whether to accept as "successful" the outcome of a particular alignment assessment process.

    In order to achieve alignment assessment, standards must demonstrate the two key components of alignment assessment; namely, (i) the first component, being the extent to which the recommendations from the OECD Guidance have been incorporated into the programme's policies, standards, procedures and operating requirements set out for Producers, and (ii) the second component, being the extent to which it can be reasonably concluded that the criterion is implemented by the programme, including by deploying the necessary measures to ensure

compliance and securing adequate remedial action in cases where Producers participating in the programme and / or auditors do not adhere to the programme's policies and standards (when applicable to them). This is laid out in the OECD Methodology for the Alignment Assessment of Industry Programmes with the OECD Minerals Guidance, and the Alignment Assessment Tool ("OECD alignment assessment methodology").

Given the potential time required to complete this process – and the LME's interest in ensuring the development of new standards to address existing gaps – standards can achieve "conditional" alignment assessment if they have passed the first component assessment but do not yet have sufficient implementation data to pass the second. LME-listed Brands will then be able to select one of these conditionally approved standards to achieve compliance via the recognised alignment-assessed standard track (Track A), noting the extant risk that the standard does not subsequently pass the second component of the alignment assessment (albeit the LME is confident that no standard would initiate this process should they not be willing to do the work to ensure it achieves full alignment). This solution will increase the optionality for Brands and reduce the pressure to achieve full alignment assessment within potentially infeasible timelines.

The LME will also reserve the right to consult the OECD on the results of any alignment assessment before providing final approval.

For standards which have already been alignment-assessed, the LME will not require a second alignment assessment to be conducted; however, it will ask to review the results of the existing alignment assessment before providing final approval. Similarly, standards which undergo alignment assessment to comply with the requirements of another body or regulation (such as the EU CMR, for example) would also be eligible to submit those results to the LME for consideration, rather than commissioning a second alignment assessment.

In the case of an external standard, the body owning that standard would be expected to arrange for the relevant alignment assessment. It is expected that a Producer would look to achieve this assurance (either on a fully aligned basis, or conditional alignment as outlined above) before pursuing the standard in question.

In the case of an internal standard, the Producer itself would need to make such arrangements. The Producer may look to undertake the alignment assessment in parallel with its implementation work in respect of the standard, acknowledging that any changes to the internal standard arising from the alignment assessment process will also need to be reflected in the implementation workstream.

But in either event, the Producer of the relevant Brand is responsible for ensuring that it has elected a standard which is successfully OECD alignment-assessed and that the results of such confirmation have been approved by the LME. The LME maintains a list of recognised OECD alignment assessors who, in the opinion of the LME, are competent and qualified to undertake an alignment assessment. Similarly, the LME also maintains a list of standards which have been confirmed by the LME as alignment assessed, subject to the consent of the relevant standard owners. The list of assessors and standards is available on the LME on its website[2]. Should either the OECD Guidance, or the standard, undergo substantive change, the LME will expect that the alignment assessment is re-performed to ensure ongoing consistency. The Brand's next audit would then be expected to be conducted against revised the standard.

- **Demonstrate initial compliance with the standard.** The Producer's elected standard will specify

---

[2] LME Approved Partners: https://www.lme.com/en/About/Responsibility/Responsible-sourcing/Approved-partners

the requirements for audit, and the Producer will hence be expected to comply. In the case of an external standard, the standard itself may lay out a review process through which the audit will have to pass. In the case of an internal standard, such a review process is unlikely to form part of the standard, and the output of the audit will hence represent the final stage in the process. But in either event, it is expected that these internal standards (and associated audits) will follow the OECD Guidance in addressing all risks, including those covered in Annex II of the OECD Guidance. However, the ultimate decision will need to rest with the LME (advised, where appropriate, by market experts).

- **Demonstrate ongoing compliance with the standard.** Again, the Producer's elected standard will specify the requirements for updating or repeating the audit process, and must be followed to ensure ongoing compliance with the LME's responsible sourcing requirements. For internal standards, the LME will require the Brands to re-submit audit reporting at least every three years and, in any event, following material change to the standard, to confirm ongoing compliance. All related audit documents must be submitted to the LME.

This process is outlined in Figure 3.
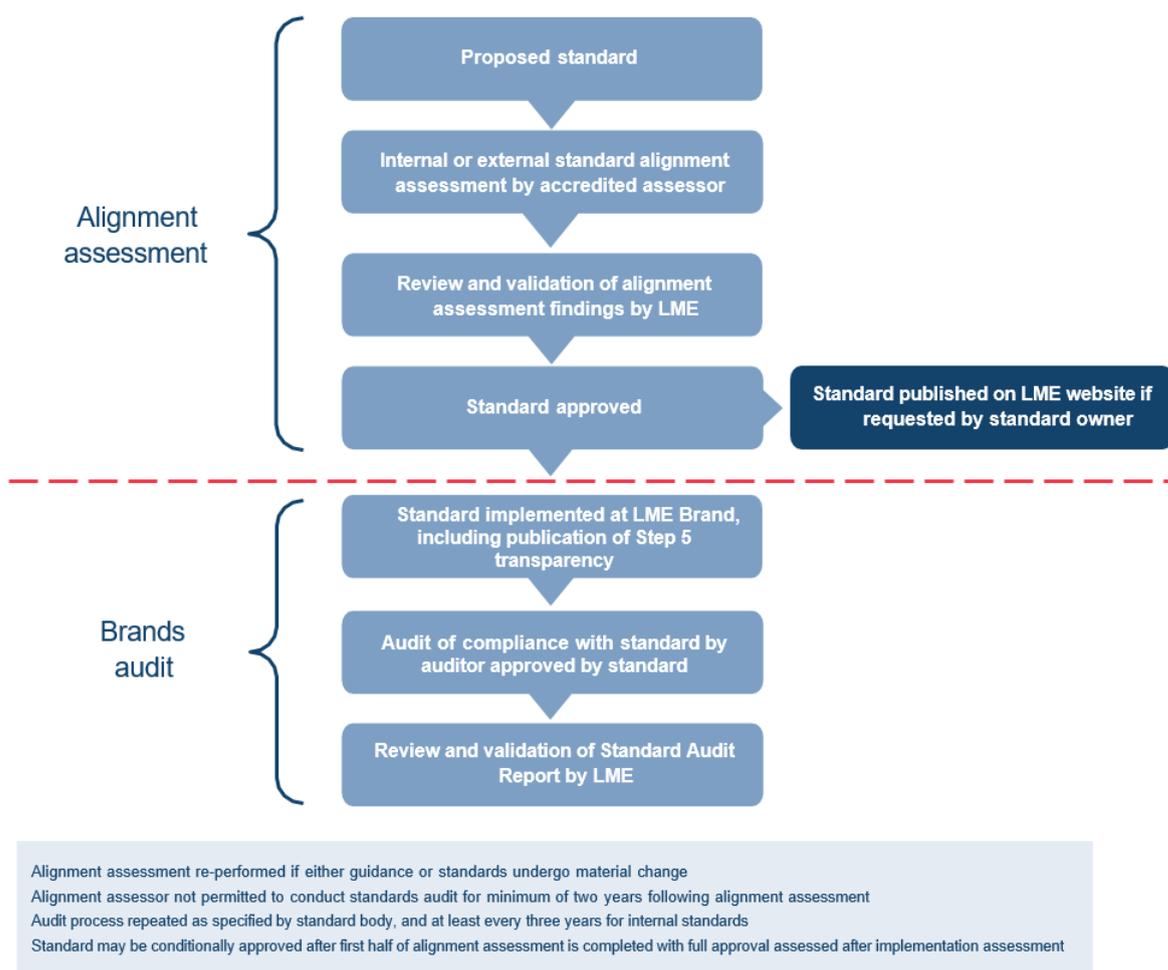
Figure 3: Track A – compliance process for the recognised alignment-assessed standard track

As outlined above, the LME provides clarity in terms of which standards have been successfully deemed to be aligned with the OECD Guidance (subject to the consent of the standard owner) by publishing details of such standards on its website.

In respect of transparency of the audit results, the LME requires that public disclosure is undertaken

in line with the requirements outlined in Step 5 of the OECD Guidance, and in accordance with the requirements of the relevant standard.

All Brands on the recognised alignment-assessed standard track will also be required to comply with the LME's ISO requirements outlined in Section 4.2.

4.1.2 Introduction to the LME Red Flag Assessment

The LME understands that OECD-aligned red flag identification processes already exist within the world of responsible sourcing standards. Further, the LME is aware that, while many of these have been designed to address a particular issue, or the specificities of a particular metal, their primary aim is to translate the OECD Guidance (or similar such guidance) into a practical form that allows Producers or other interested parties to map the risks associated with a particular supply chain.

However, the proliferation of such standards can mean that there is some confusion as to what would be considered core for such an assessment generally, and for the purposes of the LME's requirements specifically. Further, when considering its responsible sourcing requirements, and in light of the LME's commitment to pragmatism, the LME has endeavoured to provide tracks to compliance which do not require the use of a standard and / or an external audit.

To this end, the LME has developed its Red Flag Assessment ("RFA") template, which defines the information which the LME would expect to receive as part of a red flag assessment. The completion of this template will allow Producers of LME Brands to determine whether they raise red flags in their supply chain. Any Producers discovering red flags automatically need to comply through the recognised alignment-assessed standard track (Track A), but Producers which do not then have a choice to either submit the RFA template to the LME for review and verification (Track C), or to submit it for an external, third party audit to achieve the same end (Track B); the subsequent transparency requirements will depend on the track chosen. Of course, as noted above, some Producers may equally choose to comply through Track A even in the absence of red flags, either because they wish to use a standard to demonstrate their compliance with the applicable OECD five steps, or because they wish to voluntarily complete all five steps of the OECD Guidance.

While the LME's expectation is that the RFA process is undertaken internally by Producers of a listed Brand, it is equally possible that Producers will choose to have this information collated and reported to the LME by an independent third party commissioned for that purpose. The LME believes that both models would be compliant with its RFA requirements; however, it would note that regardless of track chosen, the Producer itself will remain wholly accountable for both the submission, and the accuracy of the reporting contained therein.

Finally, the LME is reserving the right to make reasonable changes to the RFA to more closely align with current and future versions of the OECD Guidance without formal consultation.

4.1.3 Track B: Audited LME RFA track

Figure 4 outlines the compliance process for those Producers that wish to complete the RFA and submit it for an external, third party audit (Track B).

The Producer is required to complete the RFA and appoint an independent third party auditor to assess the validity of the information contained therein. Further guidance on this is provided in Appendix A: Guidance Note on Track B Audits. The LME maintains a list of recognised auditors who, in the opinion

of the LME, are competent to undertake such an assessment on the LME website[3] (subject to the permission of the auditors in question), which is updated regularly.

Once the audit is complete, and assuming the auditor concurs that the relevant supply chain contains no red flags, the audit results are submitted to the LME for review. It may be necessary for the LME to revert to the Producer or auditor with questions or explanatory requests following an initial review. Otherwise, the LME will ratify the results and require that public disclosure is undertaken in line with the requirements of Step 5 of the OECD Guidance.

The Producer will be required to review and update the RFA for each of its Brands annually to ensure that their risk profile has not changed over the preceding year, or indeed, that they do not require an alternative track to compliance. The external audit (with the results submitted to the LME) and transparency requirements will also be repeated annually.

All Brands on the audited LME RFA track will be required to comply with the LME's ISO requirements outlined in Section 4.2.
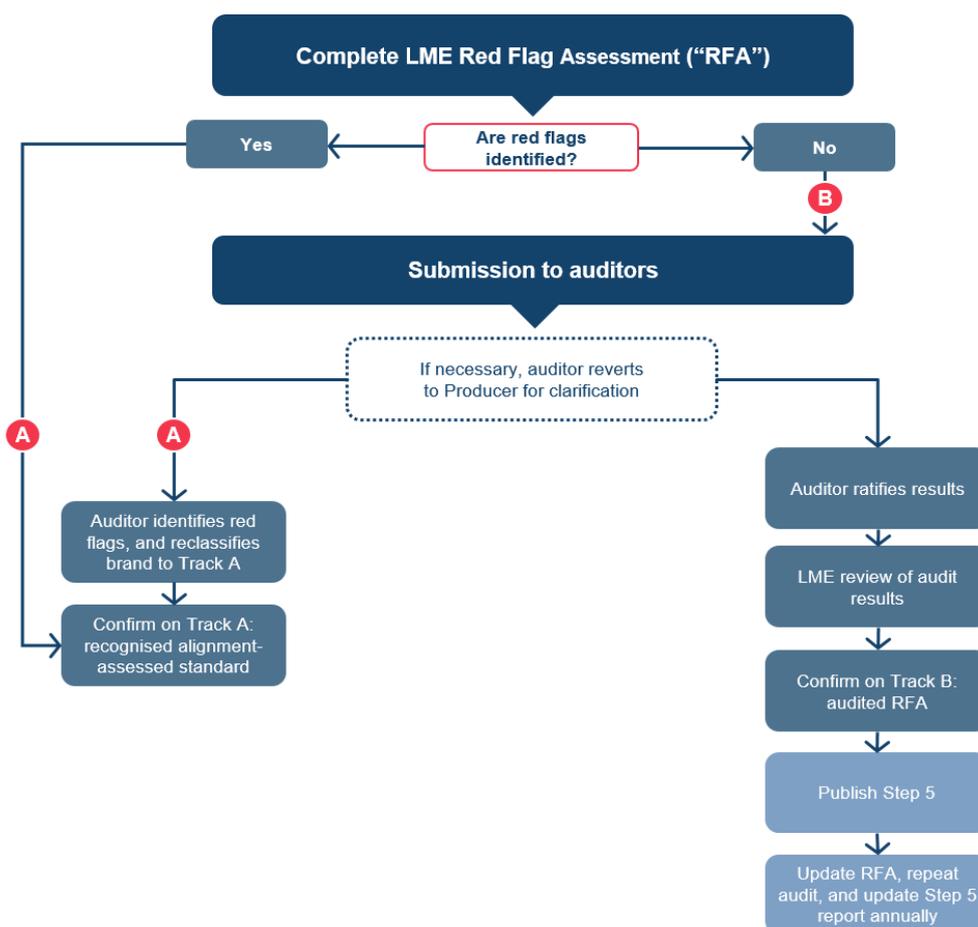
Figure 4: Track B – compliance process for the audited LME RFA track

4.1.4 Track C: Published LME RFA track

As with the audited LME RFA track (Track B), the LME wanted to provide a route to compliance which did not require the use of a standard. Track C – the published LME RFA track – goes even further by ensuring that Brands can comply without requiring a standard, or the use of an external audit.

---

[3] LME Approved Partners: https://www.lme.com/en/About/Responsibility/Responsible-sourcing/Approved-partners

Instead, Producers of Brands achieving compliance via the published LME RFA track are required to complete the RFA template and submit it to the LME for review. It may be necessary for the LME to revert to the Producer with questions or explanatory requests following an initial review in line with the process diagram outlined in Figure 5. The LME will either confirm the Producer's assessment, or reject it and reclassify. If the Producer does not agree with the LME's assessment, the LME will engage with that Producer to fully understand, and resolve, the discrepancy.
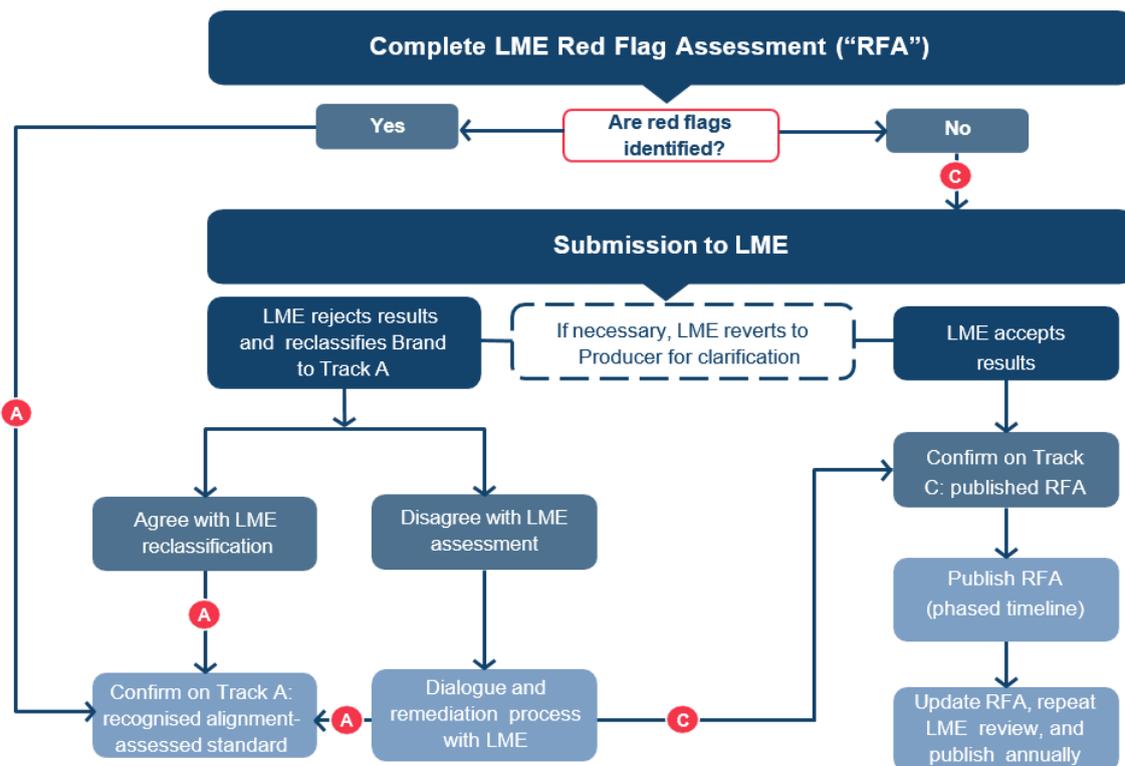
Figure 5: Track C – compliance process for the published LME RFA track

As set out above, Brands complying via Track C will not be required to undertake an audit against a standard; however, they will be required to review and update the RFA annually to ensure that their risk profile has not changed over the preceding year, or indeed, that they do not require an alternative track to compliance. The LME will review all such assessments.

The final stage of Track C relates to transparency. Alongside the LME's review of all submitted RFA templates, the LME also believes that the publication of RFAs will act 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.

That said, the LME is conscious that it will be the first Exchange require the publication of responsible sourcing risks and, as a result, there is a process of education and familiarisation for its market in understanding and interpreting this information. To address this concern, the LME has implemented a phased approach in respect of RFA public reporting, as outlined in Figure 6. For the first two years post-implementation, the LME will publish only summary statistics of the RFAs. For the subsequent two years, the LME will publish the RFAs in full, but on an anonymised basis. This will allow 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. In year five post-implementation, the LME will require all Producers to publish their Brand's RFA in full.

Finally, all Brands on the published LME RFA track will be required to comply with the LME's ISO requirements outlined in Section 4.2.

| Publication date	Year	RFA public reporting
Not earlier than 31-Dec-22	Y1	Summary statistics
Not earlier than 31-Dec-23	Y2	Summary statistics
Not earlier than 31-Dec-24	Y3	Anonymous versions
Not earlier than 31-Dec-25	Y4	Anonymous versions
Not earlier than 31-Dec-26	Y5 and onwards	Attributed versions

Figure 6: RFA phased transparency approach

4.1.5 Track D: Secondary materials track

In line with the OECD Guidance, Brands that source entirely Secondary Material are exempt from the implementation of the OECD Guidance, and comply with the LME's responsible sourcing requirements by using the Secondary Material Track (Track D). A Brand is only eligible to use Track D if (i) it is able to determine the origin of all Input Materials sourced during the Reporting Period, (ii) the Input Materials used in production of that Brand have been solely from Secondary Material sources, and (iii) the Brand does not wish to voluntarily use one of the other three tracks.

Brands are required to complete the Secondary Materials Sourcing Attestation Form (the "attestation form") on an annual basis with the first submission deadline on 30 June 2022. The LME reviews the information provided in the attestation form, requests clarifications from the Producer as needed, then either accepts or rejects the form based on the information provided. The LME notifies the Producer once a final decision is reached.

Finally, in the interests of transparency, all Brands complying with the LME responsible sourcing requirement through Track D will be identified as using 100% secondary materials on LMEpassport (or other location as the LME may choose).
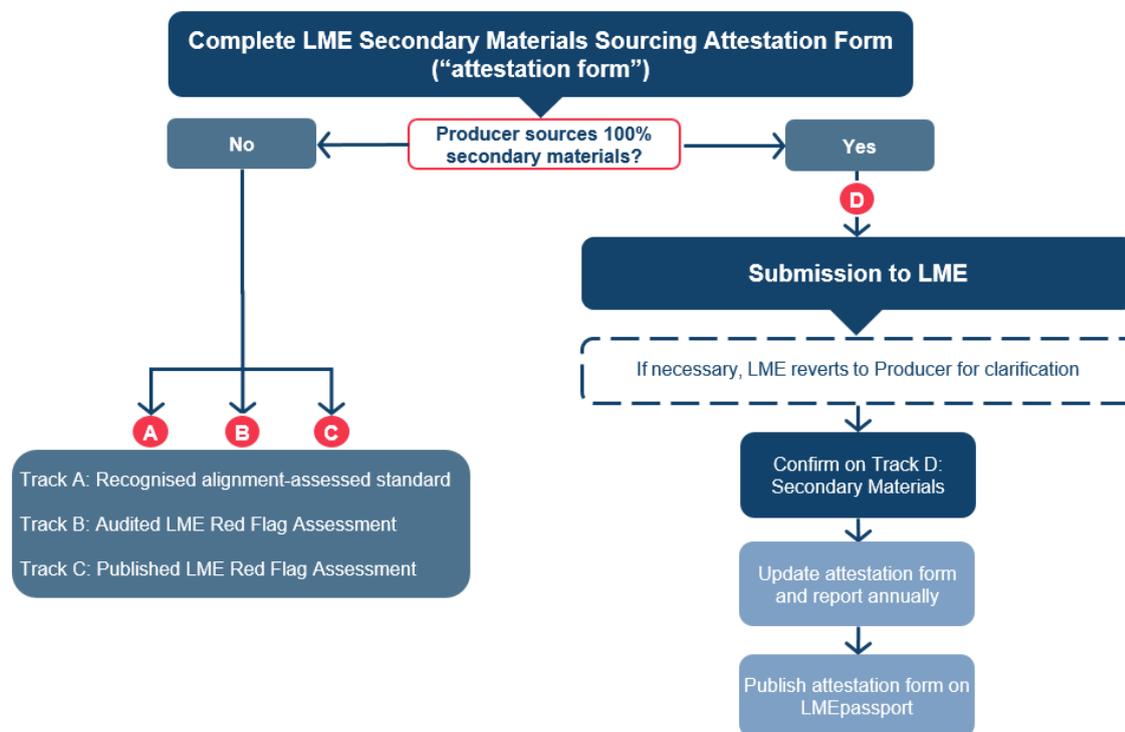
Figure 7: Track D – compliance process for the Secondary Materials Track

The LME works with all its Producers to ensure that they have fully understood the four possible tracks to compliance, and chosen one that works appropriately for them, reflecting their Brand's individual profile. Any Producer not engaging with the compliance process may be subject to Brand Action as defined in Section 4.5.

4.2 ISO 14001 and ISO 45001 certifications

In parallel to Brand OECD compliance, all LME-listed Brands are expected to obtain ISO 14001 and ISO 45001 certifications, or equivalent.

This requirement will be administered in a similar manner to the LME's existing ISO 9001 requirement, in that Producers will be required to provide the appropriate certificates for the smelter (or equivalent, in all cases being the final substantive step resulting in the production of LME grade metal) and keep these updated in line with the requirements of the standards body.

Should a Producer wish to use a certification programme (internal or external) which they consider to be equivalent to, or an improvement upon, the ISO 14001 or ISO 45001 certifications, the Producer should submit an independent, third party audit report which assesses and confirms such equivalence. In the case of an external certification programme, assessment need only be commissioned once; as such, the LME anticipates that a certification programme owner (or users of that certification programme) would commission such an assessment. Once the LME has confirmed equivalence, it will publish a list of appropriate certification programmes on its website, subject to the consent of the certification programme owner.

At any stage, a Producer failing to undertake required actions (at the times specified by the LME's implementation timeline, as further set out in Section 4.4) may be subject to Brand Action (as defined

15

in Section 4.5).

4.3 LME decision-making and grievance procedure

A fundamental limitation on the global adoption of responsible sourcing standards is the international nature of metal supply chains, and the consequent lack of a "central authority" with the ability to enforce standards on a worldwide basis. For this reason, in formulating its responsible sourcing requirements, the LME has had to take on a role of recognising alignment assessors, auditors for internal standards under track A and RFAs in track B, reviewing RFA results in track C, assessing the sufficiency of the alignment assessment of standards, the final check of audit reports in tracks A and B, and the equivalence of certification programmes. While the LME is comfortable playing such a role (which it already does in respect of the final assessment of the metallurgical quality of its brands, informed in that case by assaying and other assurance processes), the Exchange also recognises that there will be differing market views on these topics, and it will not always be possible to reach decisions which are accepted by all market actors. However, in the absence of another body willing to undertake such a role (and enjoying the confidence of the market so to do), the LME believes that it will need to act as the ultimate arbiter of these issues.

Should it prove necessary and appropriate, the LME will ensure that it has access to appropriate industry experts to support and advise on such decision making.

Furthermore, and in order to facilitate engagement from as broad a set of stakeholders as possible, the LME does maintain a "grievance procedure", under which any market participant having concerns as to the responsible sourcing credentials of a particular brand may report these concerns to the LME, on a confidential basis. Having received a submission of this nature, the LME will assess the stated grievance, both for its validity, and against the information provided by the Brand (including, but not limited to, its RFA or audit reports as applicable). The LME's powers in respect of probing RFAs will include compelling Producers to undertake an independent audit of disputed facts. In the event of a grievance in respect of a Brand's audit against an internal or external OECD-aligned standard, in the first instance the LME would expect to refer this back to the auditor or the standard body respectively.

4.4 Timeline

The LME's timeline for compliance is outlined below.

	A: Recognised Alignment-assessed Standard Track	B: Audited LME RFA Track	C: Published LME RFA Track	D: Secondary Materials Track
Reporting period	As prescribed by standard	Annual period (e.g. 1 Jan 2021 to 31 Dec 2021) Note: reporting period can be modified to align with annual reporting cycle of the Producer e.g. 1 Apr 2021 to 31 Mar 2022		
Reporting date	30 Jun 2022 Submit name of standard 31 Dec 2023 and on expiry thereafter Submit Track A Standard Audit Report	30 Jun annually Submit audit results	30 Jun annually Submit RFA template	Annually on expiry Submit Attestation form
Transparency	As prescribed by standard	31 Dec annually Publish Step 5 report	31 Dec 2022 + 2023 – summary statistics 31 Dec 2024 + 2025 – anonymised reports 31 Dec 2026 onward – attributed reports	Attestation form published on LMEpassport annually
Update frequency	As prescribed by standard	Annually		
ISO 14001 and ISO 45001 (or equivalent certification programmes)	31 Dec 2023 and on expiry thereafter			

Figure 8: LME timeline

4.5 LME powers

The LME's core power is to suspend or delist Brands. The effect would be that no further metal of the specific Brand could be warranted (or re-warranted) at an LME warehouse. The decision whether to suspend or delist would be informed primarily by the LME's assessment as to whether it were possible for the Brand in question to return to a state of compliance, in which case the suspension could be lifted. If this seems unlikely, then a full delisting may be more appropriate.

The mechanism by which the LME would effect a suspension or delisting would, necessarily, depend on the circumstances. In general, the LME aims to give advance notice of a delisting in order to allow the market a period of time (generally three months) to place residual off-warrant stock into the warehouse. However, in the event that this might create a disorderly market – for example, the inflow of significant quantities of lower-quality material into warehouse during the notice period – the LME does have the right to suspend or delist without notice. This is particularly relevant in the context of responsible sourcing whereby a Brand which has not made the necessary efforts to meet relevant standards may trade at a significant discount to the broader metal market. This, therefore, may give metal owners a strong incentive to "dump" metal of that Brand onto warrant prior to a suspension or delisting. The market should, therefore, be prepared to accept the possibility of an immediate suspension or delisting if it is necessary.

While the LME accepts that a greater degree of certainly in respect of timelines for these processes would provide greater clarity to the market, the LME does believe that in order to act in a fair manner and to mitigate the risks of creating a disorderly market, it does need to reserve the right to make decisions on a case-by-case basis.

A second question is whether, in the event of a Brand being delisted due to non-compliance with relevant responsible sourcing standards, stock of that Brand already on-warrant would need to be removed. It is in the nature of the LME's warehousing and warranting model that metal on-warrant may have been produced some time ago. Given that the LME's understanding is that the market views responsible sourcing as a more recent initiative, it is understood that legacy metal may not have been produced under the same responsible sourcing principles. Accordingly, the LME's intention is that it would not be necessary to remove historical metal on the basis that it was not mined in conformance with responsible sourcing principles at the time of production (given that the LME's responsible sourcing requirements would not have been in force at that time). This would apply to any metal on warrant at the time of the announcement of a delisting or suspension. However, on this topic, the LME does again propose to retain flexibility such that it is able to take a view on a case by case basis, subject to the overarching objective criteria set out in the Policy.

For the purposes of this document, the LME refers to "Brand Action" to refer to any action of disclosure, suspension or delisting (with or without the removal or stock in warehouse, and with or without a notice period) taken pursuant to the above powers.

5 Conclusion

The LME remains committed to ensuring that all Brands listed for good delivery on the Exchange are produced in compliance with globally accepted standards for responsible sourcing, and believes that the above requirements represent a fair, balanced and practical route forward to achieve such an end. The LME would like to thank all its stakeholders and other market participants, many of whom have invested considerable time and effort in helping the LME to refine its requirements.

Appendix A: Guidance Note on Track B Audits

1. Purpose of Appendix A

The purpose of Appendix A is to bring a level of consistency and clarity to the audits required for Track B, the Audited LME RFA Track. The intended audience is both the auditors and Producers choosing Track B.

LME may revise this guidance based on emerging good practices. The LME regularly engages with Producers following Track B and its Recognised Auditors to inform this guidance.

2. Audit scope

As stated in the Policy,

*"A Producer must, in respect of each Reporting Period, and for each Brand for which it proposes to apply the Audited LME RFA Track, procure an audit or suitable assurance report, **in order to verify that its LME RFA in respect of the relevant Reporting Period has correctly reached the conclusion that no OECD Red Flags have arisen, and is based on appropriate and accurate information (an "Audit Report")**".*

Thus, the Track B audit is a verification of information provided by the Producer in the Red Flag Assessment. The auditor reviews the Producer's responses to the questions in the LME RFA, assesses the adequacy of the management systems that led the Producer to those responses through evidence review, and then provides a statement of assurance. Through Track B, the LME is expecting:

(i) assurance from the auditor that the Producer's management system could identify OECD Red Flags and

(ii) verification from the auditor that the Producer did not identify any OECD Red Flags in the Reporting Period.

Additionally, the auditor will ensure that all other questions, such as Section 3 of the LME RFA (LOCATION OF MINERAL ORIGIN AND TRANSIT RED FLAG EVALUATION), are complete and the Producer publicly discloses information as required.

3. Audit standard

The LME accepts audits performed in accordance with International Standard on Assurance Engagements ISAE 3000, reasonable assurance only, or the ISO 19011:2018 Guidelines for Auditing Management Systems. The LME will not accept limited assurance engagements or agreed upon procedures engagements. If an auditor plans to conduct an audit using any other assurance engagement, please be in touch with the LME prior to the audit.

4. Audit fees

The cost of the audit will be agreed between the auditor and the auditee. Producers may wish to consider requesting quotes from multiple Recognised Auditors.

5. Evidence required, including on-site or remote audits

The evidence required for the auditors to provide the assurance statement in Appendix A – Section 2 Audit Scope is determined by the auditors and provided by the Producer. The LME expects this will

include document and record review, interviews with the Producer staff, photos, and/or live video tours and demonstrations. All auditors approved by the LME will have experience with the OECD Guidance and are expected to use professional judgement regarding the type of information that may assist them in their assessment.

The LME does not expect that in-person visits to the Producer's site will be needed in most cases; however, for complex situations the auditor may decide it is necessary for them to visit the site in order to provide the adequate level of assurance. This will be agreed upon between the auditor and the Producer in planning discussions.

6. CAHRA determination

Determining Conflict-Affected and High-Risk Areas ("CAHRAs") is part of the Red Flag Assessment. Please refer to Appendix C – Section 3, which sets out LME's expectations in regards to what an "acceptable" CAHRA determination methodology in Producer RFAs should entail.

7. Audit Report (deliverables)

The auditor must provide a report to the Producer that includes the following:

- LME Brand information, to include:

LME Brand Producer name[1]	
LME Brand name(s)[6]	
Reporting Period start date (DD/MM/YYYY)	
Reporting Period end date (DD/MM/YYYY)	
Date of submission (DD/MM/YYYY)	
Address of Brand producing site	
Website of Brand Producer	
Name of person submitting RFA	
Job title of person submitting RFA	
Phone number	
Email address	

In the majority of cases, each Brand will require a unique RFA. However, if multiple Brands are produced by the same Producer, and the responses to the RFA questions are identical for all said Brands, one RFA may be submitted for all Brands. All Brand names will need to be included on the audit report.

- Auditor company name, lead auditor, and any team members supporting the audit
- Methodology applied (ISO 19011 or ISAE 3000, reasonable assurance only)
- Audit scope
- Summary of assessment activities (to include at a minimum the list of documents reviewed and the number of interviews)
- Summary of findings
- A reasonable assurance conclusion (ISAE 3000) or compliance determination (ISO 19011) for the elements listed in Section 3.1 Audit Scope

The LME requires a report in English, so an English version must be submitted to the Producer. In the event of a translation discrepancy between an English version and an original document in a different language, the English version will prevail so accuracy of translation is imperative.

---

[1] This may be found on the list of LME Approved Brands: https://www.lme.com/en/physical-services/brands/approved-brands

8. Corrective actions, improvement plans, and non-conformances

As stated in Appendix A – Section 2(ii) Audit Scope, the Track B audits are a verification exercise. There are two possible outcomes: (1) the auditor is able to provide reasonable assurance or a statement of conformance for the elements included in 2(ii) Audit Scope or (2) the auditor is not.

If the auditor is able to provide reasonable assurance or a statement of conformance for the elements included in 2(ii) Audit Scope, but discovers other practices that could be improved based on the auditor's professional judgement, this should be disclosed in the "summary of findings" in the Audit Report submitted to the Producer. Implementing the improvement recommendations are not necessary for compliance with the LME's rules when provided with a positive assurance statement.

If the auditor is unable to provide reasonable assurance or a statement of conformance for the elements included in 2(ii) Audit Scope, the auditor will include such a conclusion in the Audit Report. As stated in the Policy – Section 6.1 Eligibility for Audited LME RFA Track, *"For the avoidance of doubt, in the event that the Audit Report does not confirm the assessment that there are no OECD Red Flags for the Brand as being correct, the Producer must change Track and apply the Recognised Alignment-Assessment Standard Track in respect of the Brand."* Referring the Producer to Track A takes the place of creating any improvement plan or corrective action plan under Track B.

In such cases where switching to Track A will affect the Producer's ability to meet required Track B deadline (30 June annually), the Producer must submit the Track B Audit Report to the LME before switching to Track A. The LME will work with the Producer to agree revised timelines on a case-by-case basis, as it is expected that the Producer will need time to become familiar with Track A. This is stated Section 5.7(b) of the Policy, *"The LME shall, in its absolute discretion (and acting reasonably) prescribe the dates from which such Brands must comply with the requirements […]."*

If the Producer disagrees with the auditor's draft or final conclusion and cannot resolve the disagreement directly with the auditor, it may approach the LME at any time for additional consultation.

9. Submission to the LME

For Track B, the Producer has the responsibility to submit the Audit Report to the LME. The completed LME RFA may be submitted with the Audit Report, but is not required.

10. LME review

As stated in the Policy in Section 6.5 – LME Review,

"The LME shall be entitled to review the Audit Report and may:

(a) in the event that the LME has concerns or questions regarding any aspect of the Audit Report, the basis of its production, its conclusions or any of its content, require the Producer to respond to such concerns or questions and/or procure that the Recognised Auditor do so; and
(b) in the event that the LME is not satisfied with the responses to such concerns or questions, require the Brand to be reclassified as, and assessed under the requirements for, the Recognised Alignment-Assessed Standard Track."

The LME endeavours to complete reviews in a timely manner. In such cases where the Brand must switch to Track A, the LME will work with the Producer to agree revised timelines on a case-by-case basis.

11. Public reporting

As stated in the Policy in Section 6.7 – Public disclosure,

"The results of the Audit Report must be disclosed, pursuant to OECD Step 5, not later than the 31 December following submission of the relevant Audit Report to the LME.

Such results must be published on a publicly-accessible website maintained by the Producer, with a link to such page or pages of the LME's own website as the LME may specify."

As an example, for the 2021 Reporting Period, Track B Audit Reports must be submitted to the LME on 30 June 2022 and the Track B Audit Report needs to be publicly available on the Producer's website by 31 December 2022. If a specific asset (Brand) is owned by a larger parent company, publication on the parent company's website is permissible.

The Producer is responsible for this reporting.

12. Annual assessment

As a reminder, LME requires an annual Audit Report for Track B in line with the Producer's Reporting Period. In the event of a change of auditor, the LME encourages Producers to share the previous Audit Report and LME RFA if it exists with its new auditor. Producers may use the same auditors or different auditors each year, and may switch from Track A, B, or C for different years as long as there is not a gap in their Reporting Periods.

Appendix B: Guidance Note on Supplier Red Flags

1. Purpose of Appendix B

Appendix B provides guidance to Producers of LME-listed Brands ("Brands") in interpreting the two supplier red flags described in the supplement on tin, tantalum and tungsten ("3T Supplement") from the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas ("OECD Guidance"):

⚑ *1 The company's suppliers' or other known upstream companies have shareholder or other interests in companies that supply minerals from or operate in one of the above-mentioned[1] red flag locations of mineral origin and transit*

⚑ *2 The company's suppliers' or other known upstream companies are known to have sourced minerals from a red flag location of mineral origin and transit[2] in the last 12 months*

Producers can use Appendix B to facilitate their interpretation of the supplier red flags, and consequently their choice of track to LME responsible sourcing compliance. It should be noted, however, that these two red flags, along with the three location red flags, are part of the broader OECD Guidance and as such, this document does not provide a comprehensive guidance to the entirety of the OECD Guidance, or the LME's responsible sourcing rules. Brands will need to comply with all the LME's requirements as set out in the LME Responsible Sourcing Policy.

2. Scope of the supplier red flags

The decision tree below addresses the minerals in scope for the supplier red flags, and should be read in conjunction with the glossary underneath which provides further supporting information. Although the LME believes that primary focus should be on the mineral in question (i.e. the direct supply chain of the mineral the Brand lists with the LME), that does not mean to say that the broader activities of the supplier are not of relevance, and due care should be taken in Know Your Customer ("KYC") checks, as is set out in the glossary below.

---

[1] This refers to the "red flag locations of mineral origin and transit" found on page 33 in the OECD Guidance

[2] Where the term "red flag location of mineral origin and transit" is used, this should be taken to include all three location red flags found on page 33-34 in the OECD Guidance
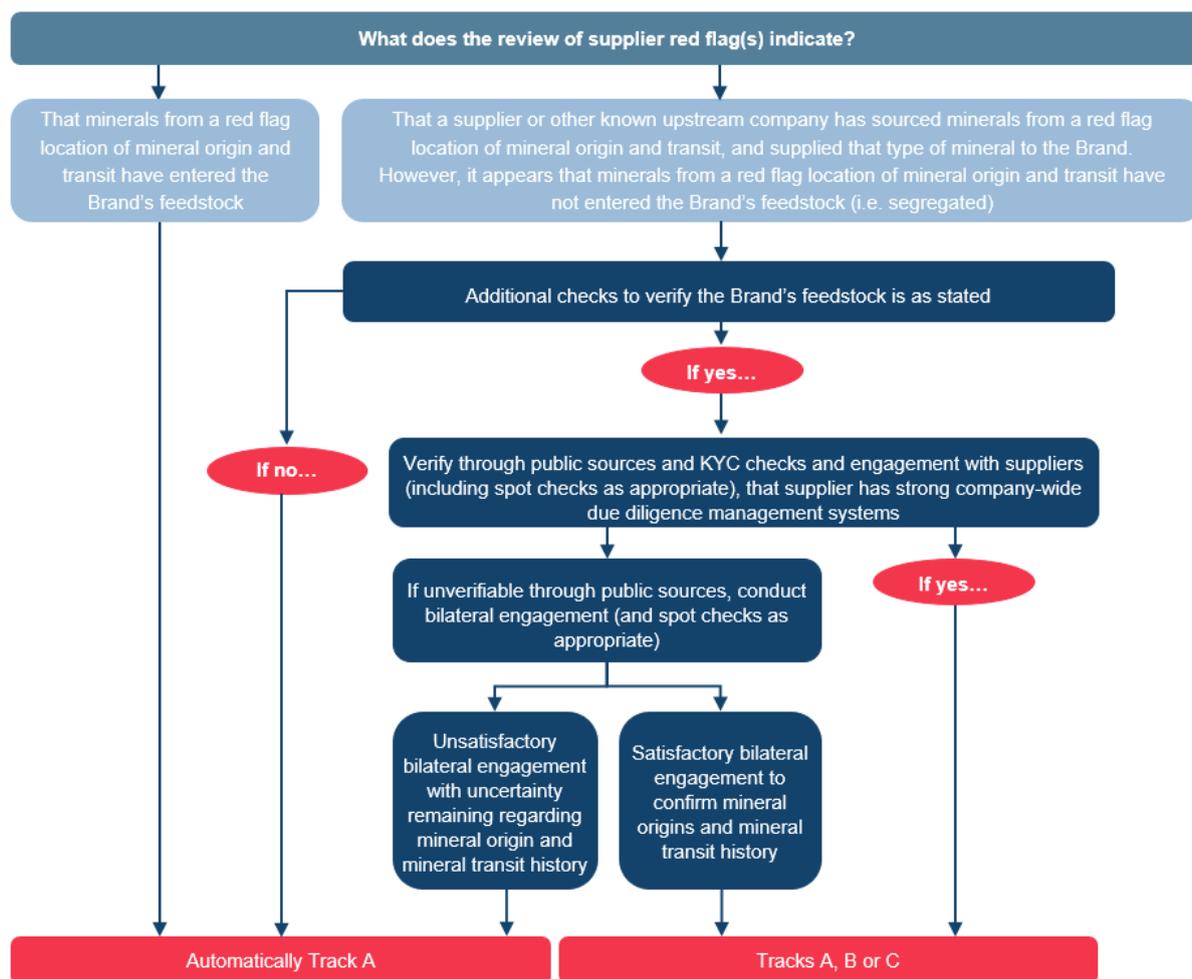
Figure i: Supplier red flags flow chart

3. Specific guidance for the first supplier red flag

Alongside mineral scope, the first red flag also addresses the issue of suppliers and other known upstream companies having shareholder or other interests in companies that supply minerals from or operate in red flag locations of mineral origin and transport. For the purposes of this analysis, "shareholder interest" may be interpreted as a majority shareholder interest, and "other interest" may be interpreted as a controlling interest achieved through a route other than a shareholding.

The LME's view is that companies in which suppliers and other upstream companies have an interest that have no relation to the supply of minerals (in particular, the mineral in question as outlined in the decision tree above) fall out of scope, and potential red flags associated with these entities may be explained without requiring the use of Track A. In this instance, the Brand would need to be comfortable that the relevant company does not supply minerals and that any concerns raised during initial KYC checks are investigated appropriately. If the relevant company does supply minerals, then the list of countries in scope would include the locations from which they supply minerals and in which they operate.

Although suppliers with whom Brands are in a direct business relationship (including immediate suppliers) will be most in focus, upstream suppliers (i.e. suppliers of suppliers), should also be considered.

As an example, Company X could be supplying Brand A with feedstock, which it sources from a tier 1

(or immediate) supplier which operates a very high level of due diligence (Supplier A). Correspondingly, the chain of custody goes Supplier A → Company X → Brand A and there are no concerns. However, if Supplier A is itself sourcing from Supplier B who does not conduct any due diligence, then more extensive knowledge of the supply chain is needed, or there is a risk that Supplier B is supplying non-responsibly sourced metal into the supply chain.

In both cases, it is worth considering companies that set up different legal entities, despite effectively being the same company, in order to circumvent rules such as these. Brands could be sourcing from a legal entity that only sources from non-CAHRAs, but that same company (under a different legal entity name) also sources from CAHRAs. That does not mean Brands will necessarily raise a red flag, but Brands will need to undertake due diligence and appropriate KYC checks to ensure they are clear on the material being received, and the broader activity of the companies within their mineral supply chain.

Equally, Brands need to be conscious of companies that are headquartered or registered in one location, but operate in an alternative location. A Brand needs to be comfortable that the information they are supplied with (and in turn, submit for compliance purposes) is accurate and has been compiled in good faith i.e. that a supplier has not attempted to disguise areas of concern by using a different location (such as headquarters).

Glossary[3] and other information

Term	Definition

Known upstream companies	Below are the OECD definitions of "upstream / upstream companies" from the OECD Guidance:
	   ○ Defined in the 3T Supplement (p.32):
	       ▪ *"For the purposes of this Supplement 'upstream' means the mineral supply chain from the mine to smelters/refiners. 'Upstream companies' include miners (artisanal and small-scale or large-scale producers)[4], local traders or exporters from the country of mineral origin, international concentrate traders, mineral re-processors and smelters/refiners […]"*
	   ○ In the Gold supplement (p.70):
	       ▪ *"'Upstream supply chain' means the gold supply chain from the mine to refiners. 'Upstream companies' include miners (artisanal and small-scale enterprises or medium and large-scale gold mining companies),[5] local gold traders or exporters from the country of gold origin, transporters, international gold traders of Mined/Recyclable Gold and refiners. Artisanal and small-scale gold producers such as individuals, informal working groups or communities are not expected included as upstream companies for the purposes of carrying out due diligence in line with this Guidance, although they are encouraged to remain involved in due diligence efforts of their customers and formalise so they can carry out due diligence in the future"*

---

[3] Explained terms are in order of appearance
[4] From 3T supplement: *'"Upstream companies" includes artisanal or small-scale producing* enterprises*, rather than individuals or informal working groups of artisanal miners'.*
[5] From Gold supplement: *"For the avoidance of doubt, these guidelines include miners, processors and refiners which may be owned or otherwise controlled or directed by governments or other State entities."*

	Known upstream companies include immediate suppliers and any known actors further upstream which are identifiable through general business dealings or public reports (or other publicly available information) to the extent necessary to enable a red flag review. Immediate supplier is the entity which has a contract with and supplies mineral or material to the smelter and is immediately before the smelter in the supply chain. This could include (but is not limited to): • Tier 1 suppliers in addition to other upstream companies including miners (artisanal and small-scale or large-scale producers) • Local traders or exporters from the country of mineral origin • International concentrate traders • Mineral re-processors • Smelters/refiners involved in the extraction, trade, handling, export, processing or refining of minerals that may have entered the company's feedstock
CAHRA	Conflict-Affected and High-Risk Area
Additional checks to verify the company's feedstock is in fact is as stated	The level of rigour applied to this check should be commensurate with the nature of the commodity and risk. Commodities that are more fungible, more frequently blended, or more easily laundered should be subject to a higher level of scrutiny and verification, although this red flag is primarily determined by knowledge and evaluation of the supplier. Please refer to Step 1 of the five-step framework in the OECD Guidance for further information on these checks
Verify through public sources, Know Your Customer ("KYC") checks and engagement with suppliers (including spot check if appropriate) that supplier has strong company-wide due diligence management systems	Basic KYC checks are considered a necessity for any supplier. Brands should carry out at least a minimum level of due diligence on the supplier's corporate-level, company-wide policies, management systems and practices and ensure strong engagement with the supplier (Step 1 from the OECD Guidance). Brands should seek credible evidence including, but not limited to, the supplier's annual public report, ensure that the supplier carries out due diligence in line with the Guidance's five step framework, in particular in relation to the mineral in question. This is to verify that any CAHRA with which the Brand's operations or sourcing practices may be associated are identified, and any Annex II risks identified, and potentially mitigated. The aim of this step is to verify the trustworthiness of suppliers, particularly insomuch as weak transparency or suspect representations on the sourcing of any material could call into question representations made in respect of another. This approach is focused on identifying serious allegations of misconduct among suppliers, and should also help Brands avoid sanctions violations. Utilising OECD Step 5 reporting can provide a way to meet this minimum requirement for corporate-level, company-wide due diligence on a company's supplier. Such reporting may be made

	as part of a single Step 5 report, or through other reporting frameworks as long they are publicly accessible and clearly identified e.g. a supplier's annual report. However, the existence of a Step 5 report alone is insufficient. Disclosures should include information on company management systems relevant to the due diligence process, publish the company assessment of risks, and describe the steps taken to manage risks. As part of the process of conducting due diligence on a supplier's corporate-level, company-wide due diligence, a Brand should, on a risk-based basis, also cross-check public disclosures of the supplier against other sources. For example, if a tier 1 supplier makes a complete Step 5 disclosure that appears to attest to strong due diligence throughout their operations, but public reporting or other information gleaned from general business dealings on a tier 3 supplier in the same supply chain contradicts such disclosures and/or provides information about a risk or adverse impact that has not been addressed in the tier 1 supplier's disclosures, this should lead to bilateral engagement in order to verify the allegations, including through spot checks as appropriate Brands should always conduct KYC checks on suppliers, including in relation to breaches of national and international laws and sanctions violations. The Financial Action Taskforce ("FATF") also has useful recommendations on this topic
If unverifiable through public sources, conduct bilateral engagement (and spot checks as appropriate)	Unsatisfactory disclosures from a supplier and/or information that conflicts with such disclosures should lead to bilateral engagement in order to better understand the supplier's sourcing and due diligence practices, and should include capacity building and measurement improvement standards in order to improve the quality and completeness of the supplier's disclosures as an integral part of the OECD five step framework in the future
Satisfactory versus unsatisfactory results in verifying due diligence	What is considered to be a satisfactory level of verification on due diligence of suppliers or other known upstream companies is highly context-specific. For the purposes of the flowchart, an unsatisfactory outcome should be understood to mean that, on the basis of all information collected (through desk research, bilateral engagement, etc.) there is still a reasonable risk that material from a CAHRA has entered the Brand's feedstock

Appendix C: Guidance Note on Conflict-Affected and High-Risk Areas ("CAHRAs")

1. Purpose of Appendix C

In February 2023, the LME published the results of its Request for Feedback on minor amendments to the LME Policy on Responsible Sourcing of LME-Listed Brands ("the Policy"), including a summary of feedback received from the market (for full details, see Notice 23/201 – "Amendments to the LME responsible sourcing policy").

As part of this process, the LME formalised the requirement for Producers of its listed Brands complying through Tracks B (Audited LME RFA Track) and Track C (Published LME RFA Track) to provide a Conflict-Affected and High-Risk Areas determination methodology in their Red Flag Assessment ("RFA")[1]. The LME believes that this determination is a key aspect to operating an effective supply chain due diligence, and is an expected part of the Organisation for Economic Co-operation and Development's ("OECD") Due Diligence Guidance on Responsible Sourcing of Minerals from Conflict-Affected and High-Risk Areas ("OECD Guidance"). Previous versions of the Policy had not made the requirement to provide this methodology explicit, hence its inclusion in the revised Policy provided with the Request for Feedback.

The majority of the respondents to the Request for Feedback supported this proposal, but suggested that the LME clarifies its expectations regarding an "acceptable" methodology for Tracks B and C. The LME recognises the value of this request, and is now publishing this guidance note to that end. It includes the LME's expectations for Producer's CAHRA determination process (Section 4) and resources (Section 5).

Once Producers provide their CAHRA determination methodology in the RFA, the LME requires this information to be included in the public disclosure of the RFA in line with the transparency timeline as set out in the Policy section 7.6 for Track C. Though not directly referenced in the OECD Guidance, disclosure is important for several reasons. First and foremost, transparency is a key aspect of Track C and transparent CAHRA determination is one of the ways to build trust in the due diligence system. Additionally, public disclosure can lead to increased stakeholder engagement and dialogue, as interested parties can review a Producer's methodology. This can help identify areas for improvement and ensure that Producers are taking a comprehensive and proactive approach to assess potential supply chain risks. Lastly, Producers complying through Track A (Recognised Alignment-Assessment Standard Track) are required to report their CAHRA determination methodologies and the LME aims to bring more alignment between disclosure practices between Producers following Tracks A, B, and C. To this end, the LME will also continue to work with auditors to clarify expectations and monitor the Step 5 reports for the Producers following Track B.

The LME does not dictate a specific methodology for determining CAHRAs and leaves this decision up to the Producer. The LME expects that the Producers have the best access to information about areas from which they source and thus are best placed to determine what is considered a CAHRA. It is important for Producers to conduct their own research and analysis to determine the risks associated with operating in specific regions or regions that are relevant to their production. As noted in the Policy, the LME did anticipate that some Producers may wish to use CAHRA lists provided by third parties and

---

[1] Full details on the Tracks to compliance, and other aspects of the Policy can be found on the website: https://www.lme.com/en/About/Responsibility/Responsible-sourcing or by contacting responsiblesourcing@lme.com.

believes this is acceptable should the methodology prove appropriate. This document provides resources that Producers may find helpful as they work to determine CAHRAs.

2. Definition of a CAHRA

In line with the Policy for Tracks B and C, the LME expects that the definition of a CAHRA will be as set out in the "Supplement on Gold" of the OECD Guidance, page 66:

> **Conflict-affected and high-risk areas**[2] – *Areas identified by the presence of armed conflict, widespread violence, including violence generated by criminal networks, or other risks of serious and widespread harm to people. Armed conflict may take a variety of forms, such as a conflict of international or non-international character, which may involve two or more states, or may consist of wars of liberation, or insurgencies, civil wars. High-risk areas are those where there is a high risk of conflict or of widespread or serious abuses as defined in paragraph 1 of Annex II of the Guidance. Such areas are often characterised by political instability or repression, institutional weakness, insecurity, collapse of civil infrastructure, widespread violence and violations of national or international law.*

The exception to this is for existing Track A standards, which have already been alignment-assessed, and which prefer to maintain the CAHRA definition from the main section of the OECD Guidance rather than the definition in the "Supplement on Gold".

3. The LME's expectations

In question 2.g. of the RFA, the Producer of the LME Brand is expected to provide a description of:

(i)   The resources or reference data used in the CAHRA determination methodology;
(ii) The decision-making processes that are followed to reach CAHRA determination decisions; and
(iii) How frequently the CAHRA determination procedure is updated.

The list of resources can include educational institutions, government sources, peer-reviewed databases, independent consultancies, and other sources from professional organisations. The resources should be relevant to Input Material's type. For example, the indicative, non-exhaustive list of conflict-affected and high-risk areas under Regulation (EU) 2017/821 is designed for areas relevant to the production of tin, tantalum, tungsten, or gold[3]. Producers of other metals may refer to this list, but will need additional references that are relevant to their metal type.

The Producer's methodology should not be engineered to arrive at any specific result. CAHRAs may be determined at the national or sub-national level.

4. Resources

4.1 Third-party CAHRA mapping tools

This section provides tools that may be used to inform the Producer's CAHRA determination methodology. The LME does not adopt any of these tools as its own method, nor any specific CAHRA

---

[2] OECD (2016), OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas: Third Edition, OECD Publishing, Paris. http://dx.doi.org/10.1787/9789264252479-en

[3] 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, RAND Corporation, RR-A158-1, 2020. As of January 12, 2023: https://www.rand.org/pubs/research_reports/RRA158-1.html.

list. The resources are simply provided to assist Producers in formulating their own systems to determine CAHRAs. The LME encourages Producers to seek multiple sources when formulating a CAHRA determination methodology.

The following sources may provide useful information and guidance in respect of CAHRAs:

- Responsible Minerals Initiative
    - [Overview](#) (free)
    - [RMI CAHRAs Guidance](#) (free)
    - [RMI Global Risk Map, including CAHRAs](#) (auditee and members access only)
- [TDI Sustainability CAHRA index](#) (free)
- [Kumi Consulting CAHRA Map](#) (subscription access only)
- The indicative, non-exhaustive [list](#) of conflict-affected and high-risk areas under Regulation (EU) 2017/821, relevant to tin, tantalum, tungsten and gold (free)

Many of the resources provided above are built from a synthesis of quantitative indicators such as the Heidelberg Institute for International Conflict Research Conflict Barometer, Global Peace Index, Corruption Perceptions Index and sanctions lists. Qualitative and real-time information – including information directly from the suppliers of material, industry groups, media, and civil society reports – may be useful to incorporate as well.

4.2 Track A standard CAHRA determination requirements, information and advice

The LME aims to see consistent implementation of the OECD Guidance across Tracks A, B, and C. Producers following Track A will be following the CAHRA determination requirements of their chosen standard, all of which are shown below. Producers following Tracks B and C may find the CAHRA determination criteria required by Track A standards helpful for meeting best practices, thus these are included as additional references in Table 1.

Table 1 CAHRA determination requirements and advice from Track A standards[4]

Standard	CAHRA determination requirements and advice
Aluminium Stewardship Initiative Performance Standard V3 (2022), page 170	"Table 5 - Examples of resources you may find useful in identifying red flags and CAHRAs. In general terms, credible resources may include: • Research reports from governments, international organisations, civil society and media • Maps, UN reports and UN Security Council sanction lists, OECD reports • Relevant industry literature on Bauxite extraction and impacts on conflict and Human Rights • Information raised through your Complaints Resolution Mechanism.

---

[4] References in Table 1 are taken in-part or wholly from Track A standard guidance; standards may have additional information on their websites that is relevant to CAHRA determination requirements.

	• Keep records of how you reviewed and considered credible sources of information on potential CAHRAs and red flags that you can show to an ASI Auditor. • Make sure you regularly review and evaluate your risks, especially when forming relationships with new suppliers or when existing suppliers change their sourcing practices."
Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains (second edition) 19 May 2022, page 29, 33	"Red flag locations of mineral origin and transit, description of supporting document/evidence: • Procedure for identifying Conflict-Affected and High-Risk Areas (including references) • Identification checklist of Conflict-Affected and High-Risk Areas • Certificates of origin/customs declaration documents/transportation documents of all minerals • UN report • NGO report • Media reports etc. 5.2.1.3 The warning signs screening process can refer to the information released by highly recognized international institutions. The sources of information can include reports from governments agencies, international organizations, civil society organizations, worker representatives and trade unions, national human rights institutions, think tank, the media, or other experts. If the information is incomplete, the opinions of relevant stakeholders and experts can be consulted"
Cobalt Refiner Supply Chain Due Diligence Standard 19 August 2021, page 18	"To identify Red Flags or warning signs, the Company shall: Design and implement a process to determine any CAHRAs as defined by the Chinese Guidelines or OECD Guidance in its supply chain. The process shall include, at a minimum: • The types of resources used by the refiner to identify CAHRAs[11]; • The tool and/or criteria used by the Company to determine a CAHRA[12]; • The frequency within which the determination is reviewed and updated. • A record of all the countries and / or areas identified as a Conflict-Affected or High-Risk within the Company's supply chain." [11]Companies may refer to available resources to determine CAHRAs, such as the indicative list of CAHRAs provided by the European Commission pursuant to Article 14.2 of the EU Regulation (EU) 2017/821, or those provided by OECD-aligned initiatives, or assurance mechanisms, etc [12]The Company must identify reasonable thresholds for determining CAHRAs, where indices are referenced

Joint Due Diligence Standard for Copper, Lead, Nickel and Zinc rev. 3, 26 August 2022, page 22	"5.2.3.1. CAHRA Determination To identify red flags, the company shall design and implement a reasonable process to determine CAHRAs. As part of the CAHRA determination process, the company shall: • Adopt and consistently implement a methodology or process to make the CAHRA determination, including establishing the frequency at which the CAHRA determination is reviewed and updated. • Adopt and record credible sources of information and resources used to make the CAHRA determination. The company may refer to resources provided by a Joint Initiative or Institutionalised Mechanism, or indicative list of CAHRAs issued by governments. • Document the CAHRA determination process and its findings. Credible source: Generally, a credible source is one that has been recently published (3–5 years); is extracted from an academic peer-reviewed database; or, from a website registered by government or educational institution (.gov, .edu, .ac); is written by respected and well-known authors or institutions such as the UN, think-tanks, or research institutions."
London Bullion Market Association Responsible Gold Guidance Version 9 November 2021, page 22	"Step 2. Identify and Assess Supply Chain Risks The objective of Step 2 is to identify actual and potential adverse impacts with respect to OECD Annex II and consider adverse ESG factors in the Refiner's gold supply chain. Due diligence is expected to be proportional to the business activities of each Refiner and its supply chains. An integrated due diligence process that considers sourcing from Conflict-Affected and High-Risk Areas (CAHRAs) as well as additional location-, supplier- or type of material-based high risks is considered most effective. Sources of such an integrated assessment must include, but are not limited to: • Sanctions lists (US, UK, EU, UN, and relevant sanctions lists) • Dodd Frank s. 1502 • EU CAHRA list • Heidelberg Barometer • Fragile States Index or equivalent • UN Human Rights Office of the High Commissioner or equivalent • Reports (including relevant country reports) by the Financial Action Task Force (FATF) • Credible market intelligence on high-risk gold centres/transit hubs and on countries where there is a high risk of money laundering.

	Refiners should also consider credible market intelligence to cover the risk factors included in Step 1.1, as relevant"
RMI Global Responsible Sourcing Due Diligence Standard for Mineral Supply Chains All Minerals 15 December 2022, page 18	"Design and implement a process to determine any CAHRAs. The list of CAHRAs must include, at a minimum: • The Democratic Republic of the Congo (DRC) and its nine adjoining countries as outlined in Section 1502 of the Dodd Frank Act, namely Angola, Burundi, Central African Republic, Republic of the Congo, Rwanda, South Sudan, Tanzania, Uganda, and Zambia • the indicative list of CAHRAs provided by the European Commission pursuant to Article 14.2 of the European Union Regulation 2017/821 The process to determine any CAHRAs must include, at a minimum: 5.1. The types of resources used by the company to identify CAHRAs[13]; 5.2. The criteria used by the company to determine a CAHRA; 5.3. The frequency within which the determination is reviewed and updated; 5.4. A record of all the countries and/or areas identified as a Conflict-Affected or High-Risk within the Company's supply chain; and 5.5. Include in the process a general consultation of relevant national and international sanctions lists." [13]Companies may refer to available resources to determine CAHRAs, such as those listed by the US Dodd-Frank Act Section 1502 and the indicative list of CAHRAs provided by the European Commission pursuant to Article 14.2 of the EU Regulation (EU) 2017/821, or those provided by OECD-aligned initiatives, or assurance mechanisms.
RMI Tin and Tantalum Standard 7 February 2020, page 15	"Identification Of Conflict Affected And High-Risk Areas: The auditee shall design and implement a reasonable process to determine if there are any Conflict Affected and High-Risk Areas (CAHRAs) as defined by the OECD Guidance in its supply chain. The process shall include, at a minimum: • The types of resources used by the smelter to identify CAHRAs[22]; • The criteria used by the smelter make a CAHRA determination [23]; • The frequency within which the determination is reviewed and updated. The auditee shall record the countries and / or areas identified as CAHRA. The CAHRAs list shall include, at a minimum, countries identified as high-risk by relevant conflict minerals regulations.[24] Auditees may refer to the program website for further information on the identification of CAHRAs.[25]"

	22 The smelter may refer to resources provided by joint initiatives, institutionalized mechanisms, or government bodies. The resources must cover the areas of conflict, governance, and human rights. Primary resources should be internationally-recognized, secondary resources could include other credible information sources. 23 The smelter must identify reasonable thresholds for determining CAHRAs, where indices are referenced. 24 The list of CAHRAs must include, at a minimum: 1) The Democratic Republic of the Congo (DRC) and its nine adjoining countries as outlined in Section 1502 of the Dodd Frank Act, namely Angola, Burundi, Central African Republic, Republic of the Congo, Rwanda, South Sudan, Tanzania, Uganda, and Zambia; and 2) the indicative list of CAHRAs provided by the European Commission pursuant to Article 14.2 of the European Union Regulation 2017/821. https://www.cahraslist.net 25 http://www.responsiblemineralsinitiative.org/minerals-due-diligence/risk-management/conflict-affected-and-high-risk-areas
Tin Code (Standard 7.3 Responsible Sourcing) assessed with the ITA-RMI Assessment Criteria (version 2) 23 March 2021, page 17	"Design and implement a reasonable process to determine CAHRAs from which tin minerals may be produced as follows. The company may refer to resources provided by aligned joint initiatives, institutionalized mechanisms or indicative list of CAHRAs provided by the European Commission pursuant to Article 14.2 of the EU Regulation to inform the design and implementation of the process. 4.1. Record the types of information and resources used by the company to identify CAHRAs 4.2. Establish a method or procedure to make a CAHRA determination 4.3. Establish the frequency at which the CAHRA determination is reviewed and updated 4.4. Include in the process a general evaluation of relevant **national and international sanctions lists**" *__National or international sanctions lists__: Includes the U.S. List of Specially Designated Nationals and Blocked Persons ("SDN List"); the U.S. Foreign Sanctions Evaders List ("FSE List"); the UK Consolidated List of Targets; the Consolidated List of Persons, Groups and Entities subject to EU Financial Sanctions; and United Nations sanctions lists. ITA notes: Companies may additionally refer to other ITA information including the Criteria Guidance and ITA Supporting Note on CAHRA (Tin Code reporting companies only).

Appendix D: Guidance Note on ISO 14001 and ISO 45001 Compliance

1. Purpose of Appendix D

The LME Policy on Responsible Sourcing of LME-Listed Brands ("LME Responsible Sourcing Policy") requires that Producers of LME-listed Brands ("Brands") are each certified as compliant with ISO 14001 and ISO 45001 (or Equivalent Certification Programmes ("ECPs")), in respect of the production methods applied at the facility at which the Brand is produced.

This section outlines:
- The LME's position on the migration of OHSAS 18001 to ISO 45001
- The routes to achieving compliance with ISO, and / or equivalent certification programmes
- The auditors / assessors which may be used in conducting ISO and equivalence assessments

Capitalised terms not otherwise defined in this guidance note shall have the meanings ascribed to them in the LME Responsible Sourcing Policy.

2. OHSAS 18001 Migration to ISO 45001

ISO 45001's replacement of OHSAS 18001 was published on 12 March 2018, and ISO specified a three year migration period ending on 11 March 2021. ISO has specified that OHSAS 18001 certification will only be recognised until the end of the migration period. As such, Brands will be expected to be certified on ISO 45001 by the LME's first ISO deadline of 31 December 2023.

3. Routes to compliance

There are two options for Producers to meet their LME environmental and occupational health management certification compliance, as summarised in Figure 1:

- Obtain and maintain ISO 14001 and ISO 45001 certification
- Obtain and maintain certification from an Equivalent Certification Programme

An ECP can be a standalone (internal or external) management system standard or a Track A standard that has been assessed as incorporating all the ISO requirements. Please note that should national, regional or international regulatory requirements also reflect certification equivalence (and be subject to an appropriate audit), the LME will also accept this as a route to equivalence.

To recognise ECP, an initial equivalence assessment conducted by an independent auditor will be required to establish that the certification programme covers all the ISO requirements. The equivalence assessment is a one-off assessment, unless the equivalent certification programme undergoes material revision, in which case the equivalence assessment will need to be reconfirmed. Any auditor that is qualified to conduct ISO 14001 and 45001 audits in a relevant jurisdiction should be able to conduct the equivalence assessment, but before beginning any assessment, the auditor will need to be approved by the LME via email to responsiblesourcing@lme.com. Please note that this is separate to the approved auditors for Track B.

Brand compliance is evidenced to the LME by provision of certification or equivalent documentation.
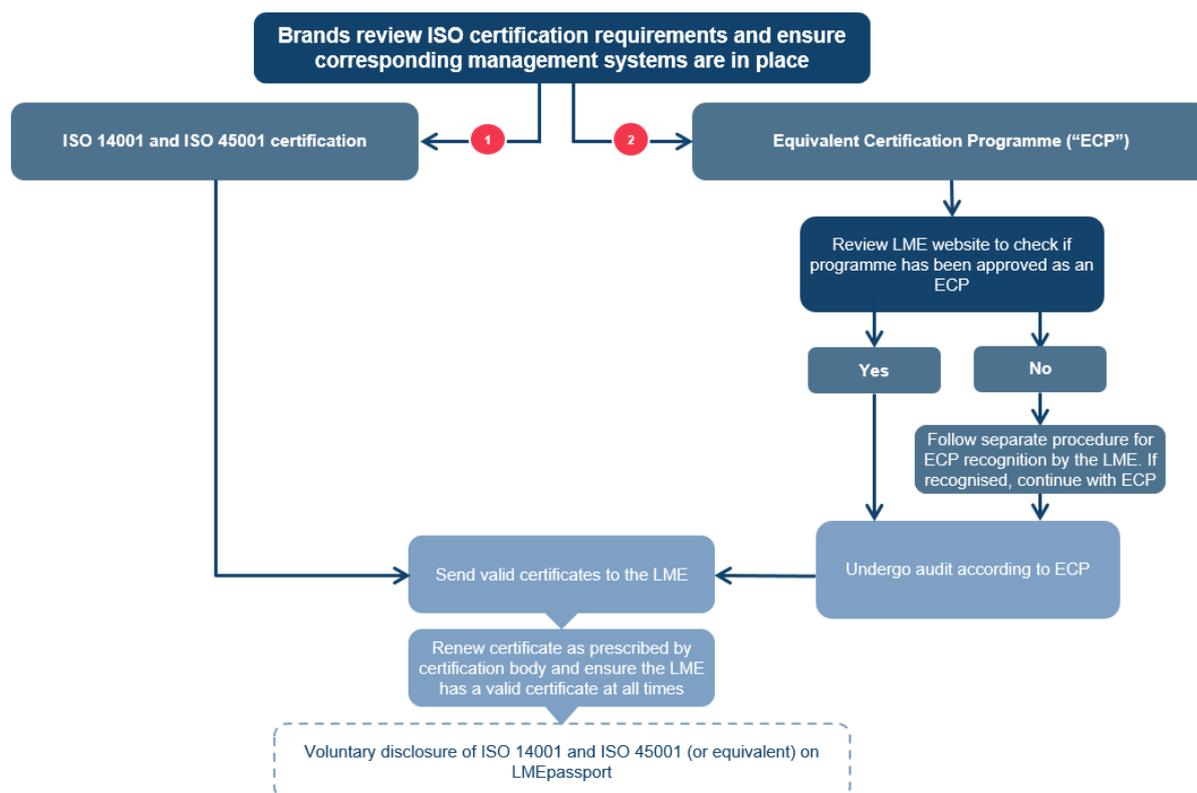
Figure ii: ISO compliance flow chart

Option 1 – Obtain and maintain ISO 14001 and ISO 45001 certification

The process for Producers wishing to comply via direct ISO certification is as follows:
  (i)   Review ISO 14001 and ISO 45001 certification requirements – these can be accessed via the ISO website[1]. Note that an integrated approach to include ISO 9001, 14001, and 45001 is also an option.
  (ii) Ensure corresponding management systems are in place at the Brand-producing site. The scope should include the smelting or the equivalent step, in all cases being the final substantive step resulting in the production of LME grade metal
  (iii) Obtain a valid certification in line with ISO requirements
  (iv) Send to the certificates to the LME by (or before) the LME certification deadline of 31 December 2023 via email to responsiblesourcing@lme.com
  (v)   Producers are to ensure that the LME is at all times in receipt of an unexpired, valid copy of each certification. Producers should also notify the LME should there be any change to certification status
  (vi) Optional: Producers may choose to disclose their certification on LMEpassport. For more information, please refer to the LME website[2]

Option 2 – Obtain and maintain certification from an Equivalent Certification Programme

  (i)   Producer identifies a certification programme that it wishes to use for compliance
  (ii) Producer reviews the LME website[3] for ECPs already accepted by the LME. If the Producer's intended ECP is listed then move directly to step (vii); if not continue to step (iii)
  (iii) Producer obtains permission of the certification programme owner if relevant and identifies an auditor who is qualified to conduct ISO 14001 and 45001 audits in a relevant jurisdiction. The

---

[1] https://www.iso.org/certification.html
[2] https://www.lme.com/en/about/Responsibility/Sustainability/Sustainability-disclosures-on-LMEpassport
[3] https://www.lme.com/en/About/Responsibility/Responsible-sourcing/Approved-partners

Producer sends the permission confirmation and proposed auditor name and credentials to the LME via email to responsiblesourcing@lme.com

(iv) If LME accepts the proposed auditor, the Producer, the certification programme, or an agreed entity retains the auditor to conduct an equivalence assessment. The LME is available to answer questions on this process as needed

(v) Auditor conducts the assessment and if the auditor agrees that the certification programme is equivalent, sends report with the conclusion and the summary of findings to the LME for review

(vi) LME reviews the report and ratifies the equivalence, assuming no concerns are raised. The ECP can be listed on the LME website if the ECP owner agrees

(vii) Producer obtains valid certificates in line with the ECP's requirements

(viii) Producer sends the certificates to the LME by (or before) the deadline of 31 December 2023 via email to responsiblesourcing@lme.com

(ix) Producers are to ensure that the LME is at all times in receipt of an unexpired, valid copy of each certification. Producers should also notify the LME should there be any change to certification status

(x) Optional: Producers may choose to disclose their certification on LMEpassport if ECP is an approved disclosure. For more information, please refer to the LME website[4]

4. Auditor qualifications

Dependent on the route to compliance chosen, Producers may need to retain the services of an auditor. This section clarifies which auditors may be used for which step.

Audit of Brand against ISO 14001 and ISO 45001
ISO develops and maintains ISO standards but does not maintain lists of approved auditors or audit companies capable of assessing these standards. Auditor accreditations are issued independently of ISO by various national and international ISO member auditor certification bodies that operate globally. Certification bodies have lists of approved auditors, but there is no single global database for all qualified auditors.

The LME will recognise auditors accredited by ISO member certification bodies which may be found here: https://www.iso.org/certification.html. This gives Producers the opportunity to choose qualified auditors from a variety of bodies in the relevant location.

Equivalence assessment of a certification programme against ISO 14001 and/or ISO 45001
Any auditor that is qualified to conduct ISO 14001 and 45001 audits in a relevant jurisdiction should be able to conduct the equivalence assessment, but before beginning any assessment, the auditor will need to be approved by the LME via email to responsiblesourcing@lme.com.

Audit of Brand against ECP
The LME will accept auditors accredited by ISO member certification bodies to assess a Brand's compliance with an ECP. The ECP may have its own list of accredited auditors, in which case the Producer must follow the ECP's rules for acceptable auditors.

---

[4] https://www.lme.com/en/about/Responsibility/Sustainability/Sustainability-disclosures-on-LMEpassport

Glossary

Term	Definition	D - 4
Equivalent Certification Programme	means a certification programme that has been deemed by the LME to be equivalent to, or an improvement upon, the ISO 14001 and ISO 45001 certifications as described in the LME Responsible Sourcing Policy	
ISO 14001	means the international standard prescribed by the International Organization for Standardization that specifies the framework requirements for an effective environmental management system. All references to ISO 14001 in this document are to the latest version – ISO 14001: 2015	
ISO 45001	means the international standard prescribed by the International Organization for Standardization that specifies the framework requirements to improve employee safety, reduce workplace risks and create better, safer working conditions, all over the world. All references to ISO 45001 in this document are to the latest version – ISO 45001: 2019	
OHSAS 18001	is a British Standard framework for an occupational health and safety management system (officially known as BS OHSAS 18001)	

Appendix E: Assurance summary table

	Audit / assurance / assessment requirement	Who is this for?	Which auditors can be used?	Where can I find these auditors?	What is the process for these auditors to be approved?	Useful documents
Track A	Alignment assessment of an internal or external standard against the OECD Due Diligence Guidance	External standards or internal standards wishing to become a Recognised Alignment-Assessed Standard	Any Recognised Alignment Assessors on the LME approved list	On the LME website	Completion of the LME's alignment assessment company and lead alignment assessor application forms	Alignment Assessor company application / Alignment Assessor
	Audit of brand compliance with an internal Recognised Alignment-Assessed Standard	Brands using an internal standard under Track A	1) Any Recognised Auditor on the LME approved list 2) Any auditor approved by an external Recognised Alignment-Assessed Standard	1) On the LME website 2) On the website of the external Recognised Alignment-Assessed Standard	1) Completion of the LME's audit company and lead auditor application forms 2) As set out by the external Recognised Alignment-Assessed Standard	Audit company / Lead Auditor
	Audit of brand compliance with an external Recognised Alignment-Assessed Standard	Brands using an external standard under Track A	Any auditor approved by the external Recognised Alignment-Assessed Standard being used for Track A compliance	On the website of the external Recognised Alignment-Assessed Standard	As set out by the relevant external Recognised Alignment-Assessed Standard	N/A
Track B	Audit of brand completion of a Red Flag Assessment ("RFA")	Brands using the Audited LME RFA Track (Track B)	Any Recognised Auditor on the LME approved list	On the LME website	Completion of LME's audit company and lead auditor application forms	Audit company / Lead Auditor
ISO 14001 and ISO 45001	Audit of brand compliance with ISO requirements	Brands using ISO 14001 and ISO 45001 to meet environmental and occupational health management requirements	Any auditor accredited by an ISO member certification body	Auditor accreditations are not issued by ISO, but by national / international ISO member certification bodies, which provide lists of approved auditors	As set out by ISO	
	Assessment of equivalence of a Certification Programme against the ISO requirements	Certification Programme Owners wishing for a Certification Programme to be approved as an Equivalent Certification Programme	Any auditor accredited by an ISO member certification body, with LME review prior to work starting	Auditor accreditations are not issued by ISO, but by national / international ISO member certification bodies, which provide lists of approved auditors	As set out by ISO, plus an email introduction to the LME with qualifications	Appendix D
	Audit of brand compliance against an Equivalent Certification Programme	Brands using Equivalent Certification Programmes to meet their environmental and occupational health management requirements	1) Any auditor approved by the ECP 2) Any auditor accredited by an ISO member certification body	1) On the website of the ECP 2) On the ISO website: https://www.iso.org/certification.html	1) As set out by the ECP 2) As set out by ISO	