

LME responsible sourcing

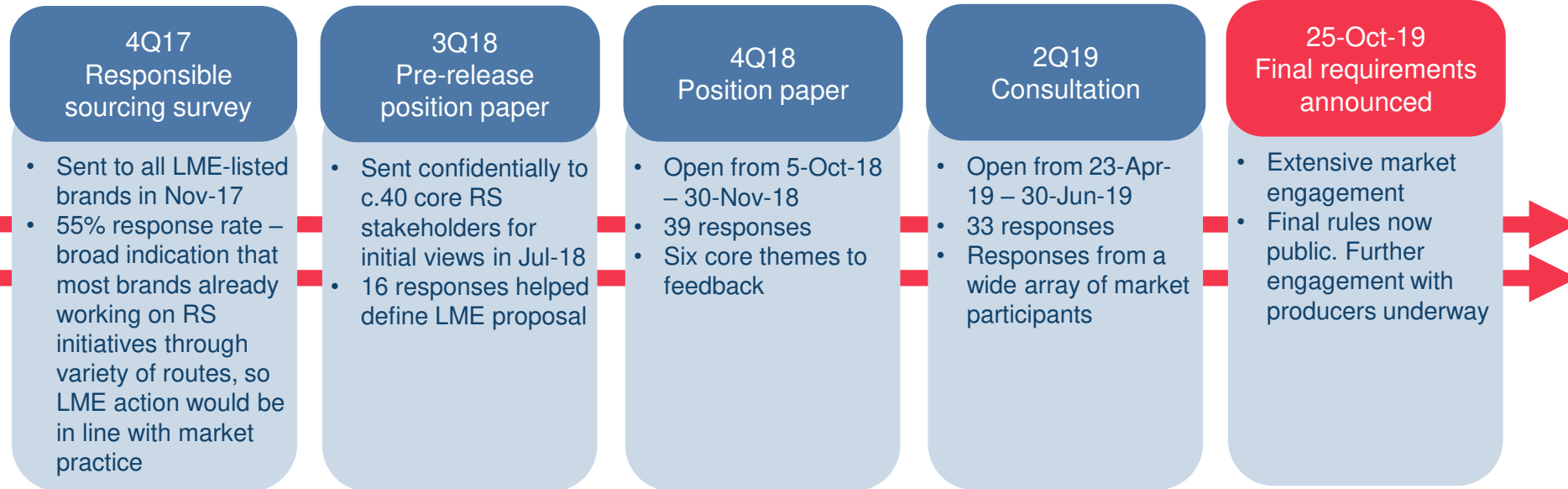
ICA workshop – Asia Copper Conference
November 2019



SETTING THE GLOBAL STANDARD



The LME's responsible sourcing journey...



...with three key drivers for action...

1. Ethical responsibilities



- The LME believes the industry has an ethical imperative to embrace principles of responsible sourcing
- The LME is a seller's option market, which means that a buyer of metal on the LME may be delivered metal of any LME brand. The LME cannot accept a situation where consumers are required to take delivery of metal which is not responsibly sourced

2. Commercial



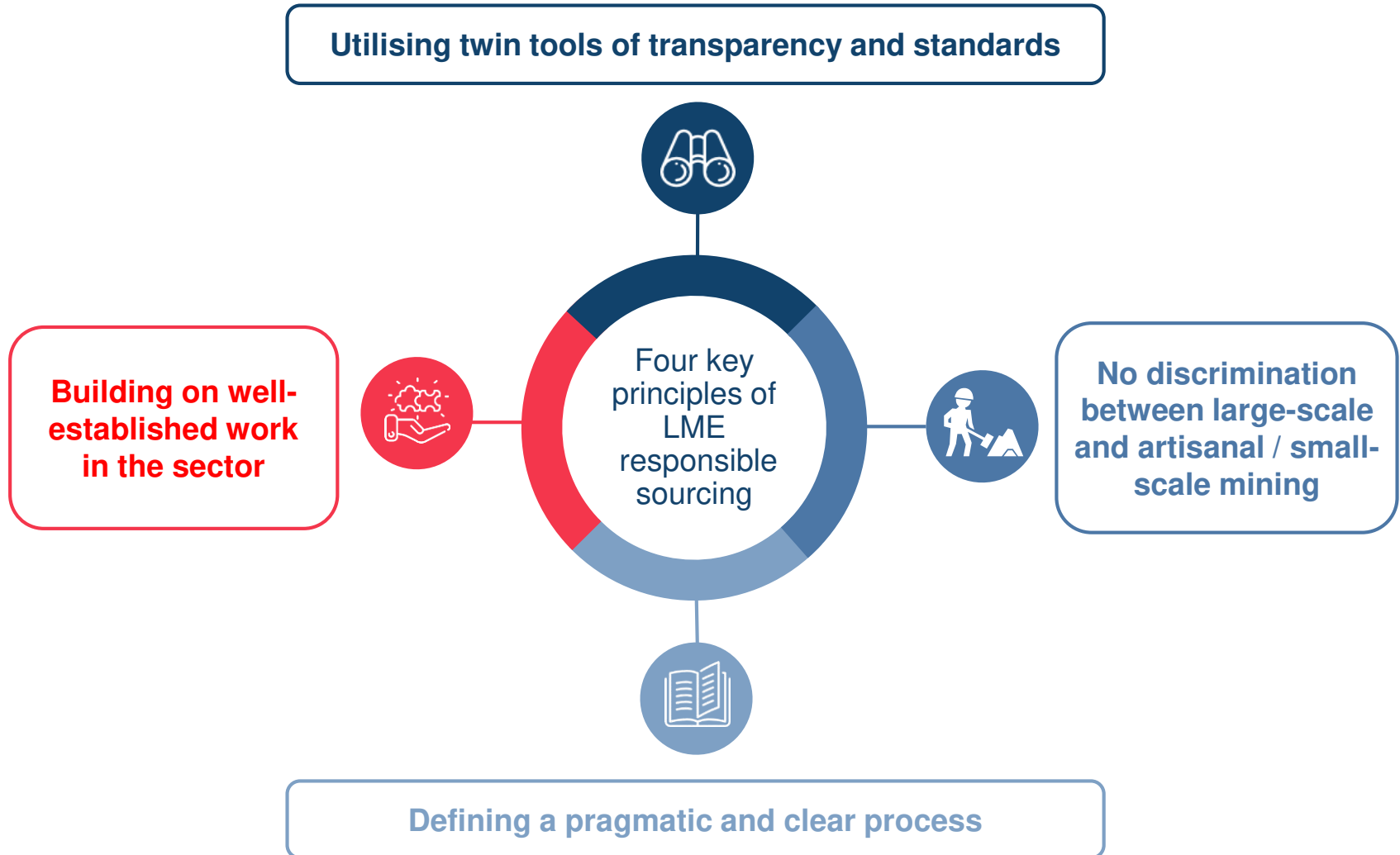
- The fundamental service of the LME is to price metals and the LME price will generally be the price of the least valuable brand in its brand lists
- The LME must act to ensure its price reflects the value of responsibly sourced metal, and is not artificially depressed by metal which is not sourced in such a manner

3. Providing leadership

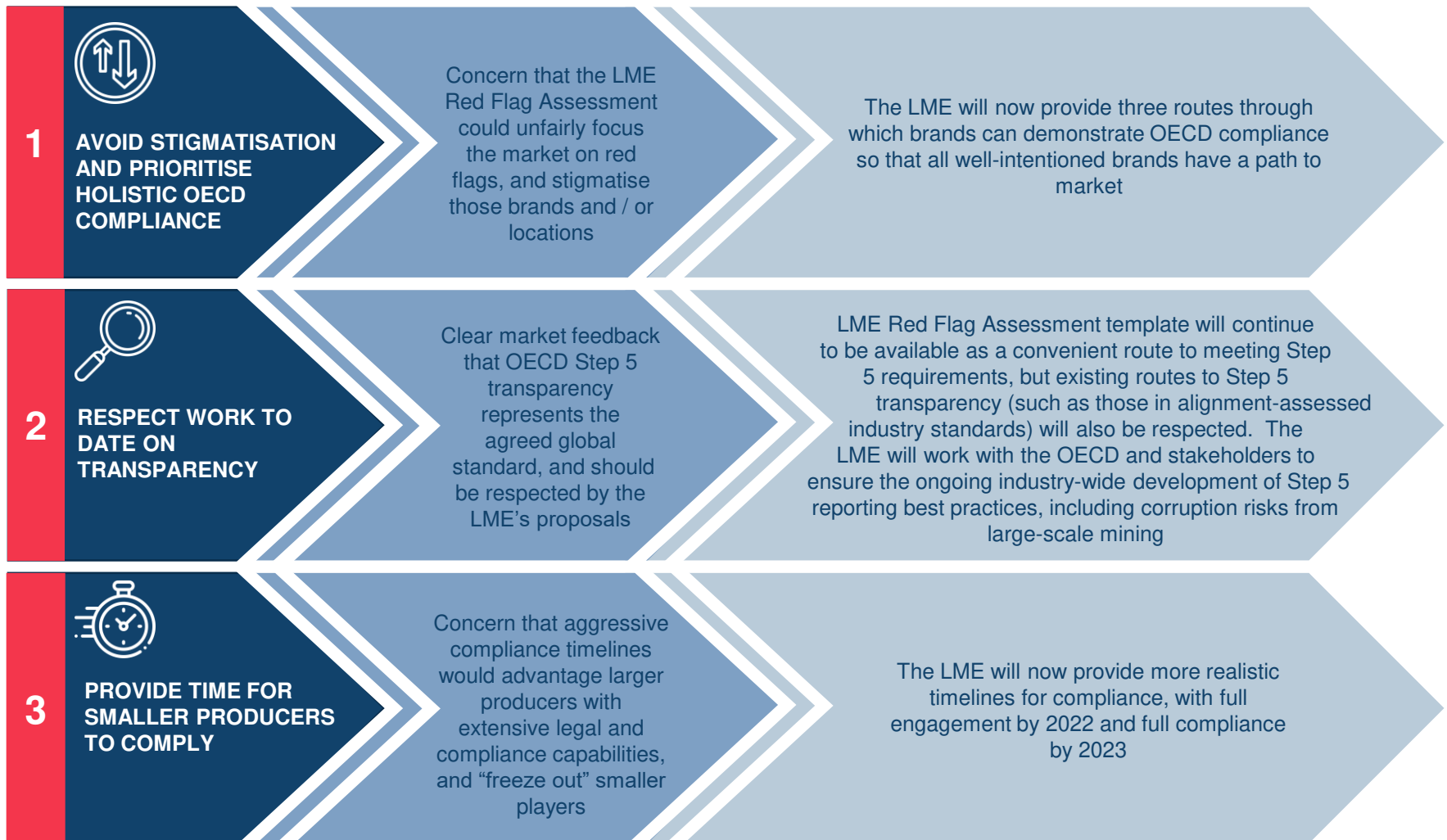


- The LME has listened to calls to take a leading role. These calls arose because the LME can most efficiently promote a centralised process
- The LME will provide leadership in a way that leverages its knowledge of the market, respects logistical challenges, builds on existing work, and provides appropriate support to producers

...centred around four key principles

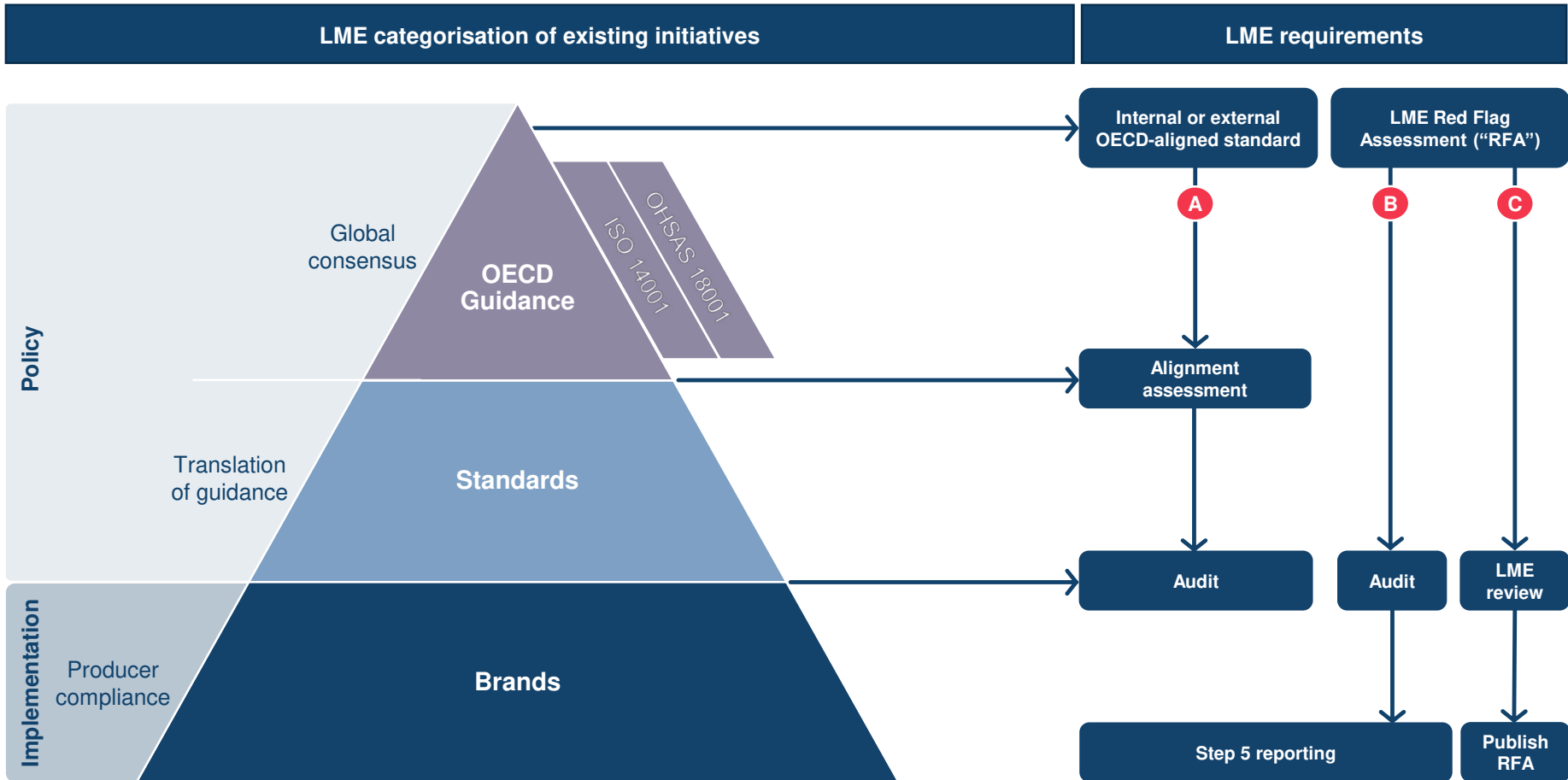


What did we learn from the consultation?



In addition, broad changes to detail on the basis of extensive stakeholder engagement and feedback

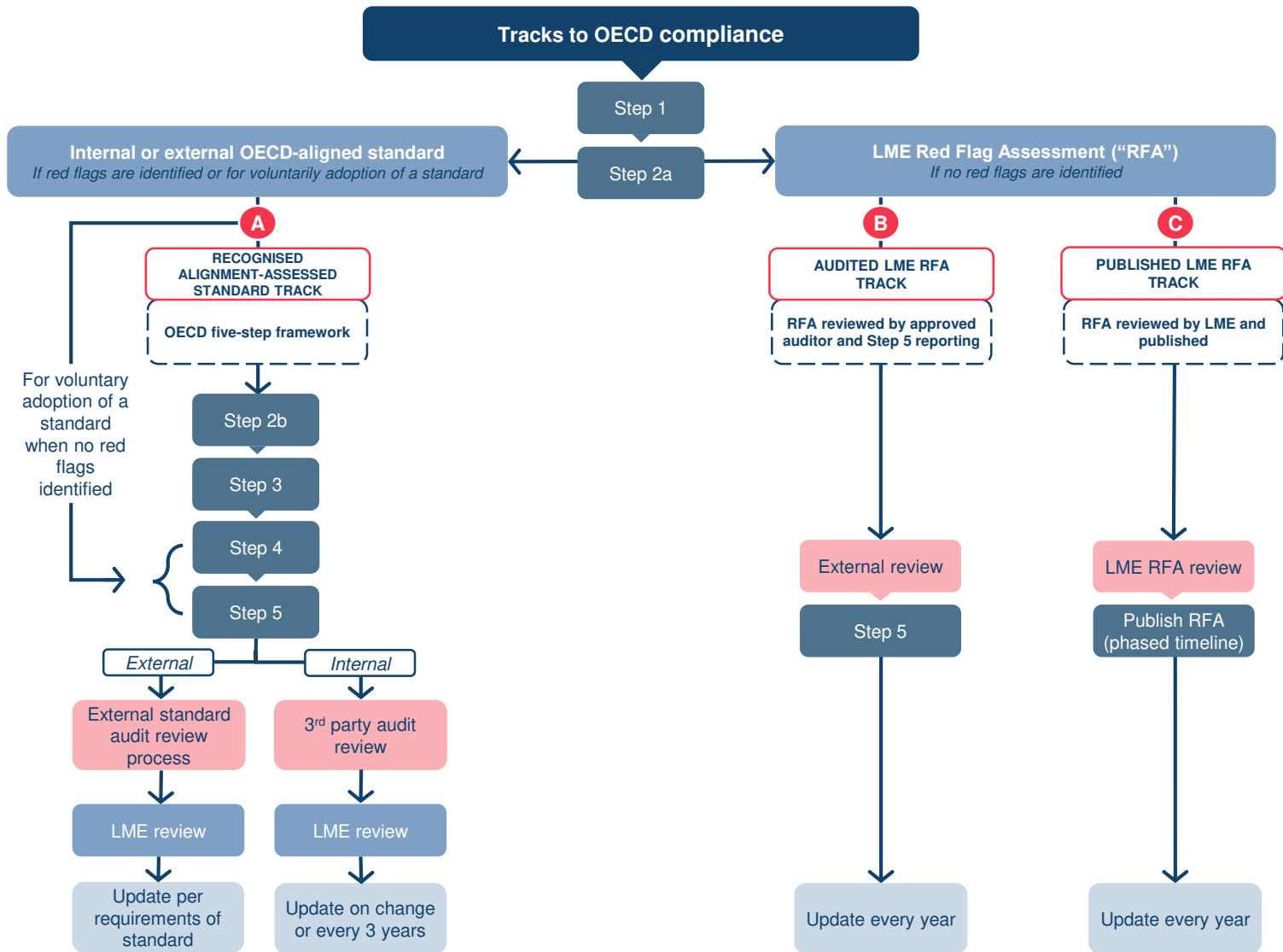
The LME framework and proposal



OECD five-step framework

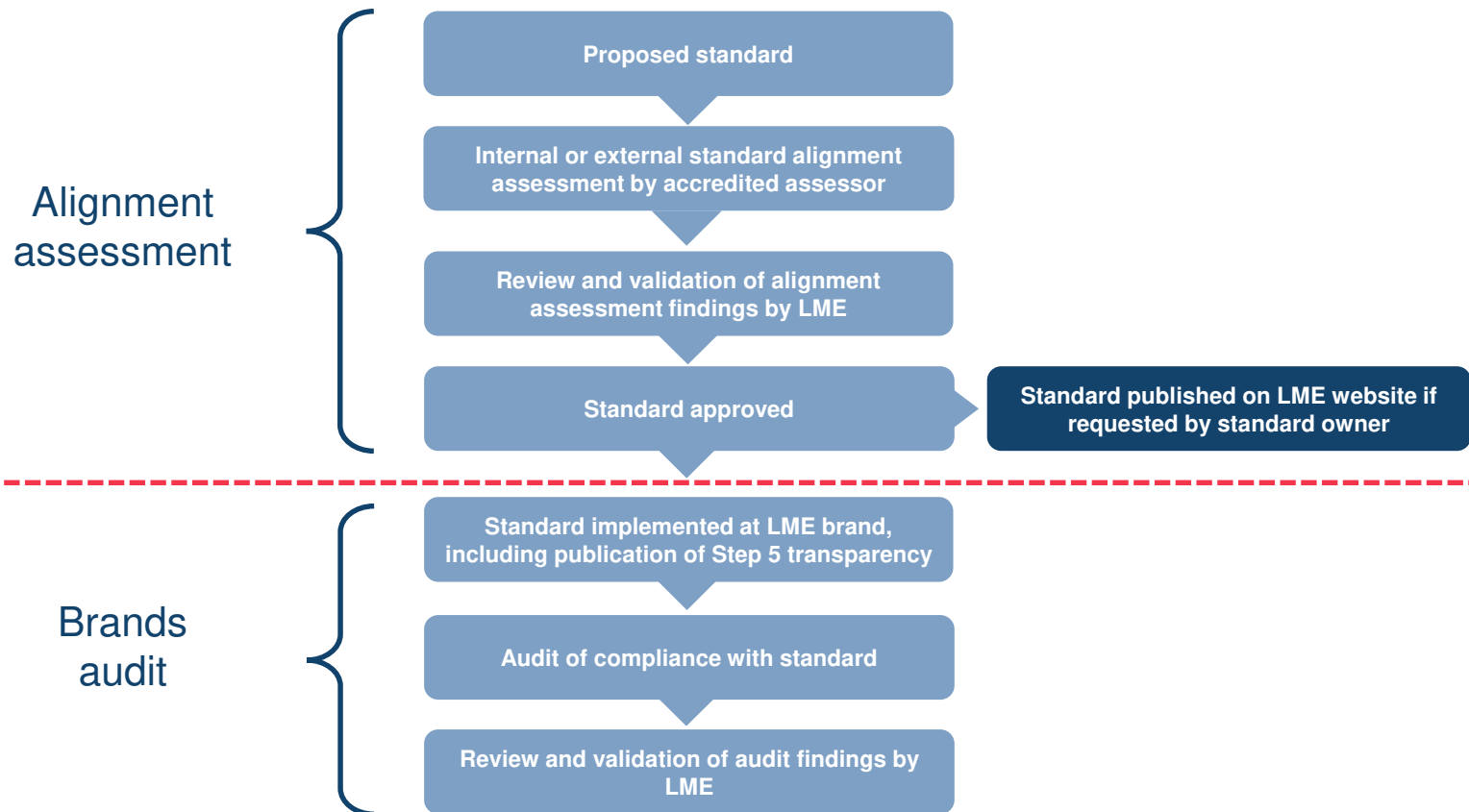


LME tracks to responsible sourcing compliance



Maximising routes to compliance for all segments of the market

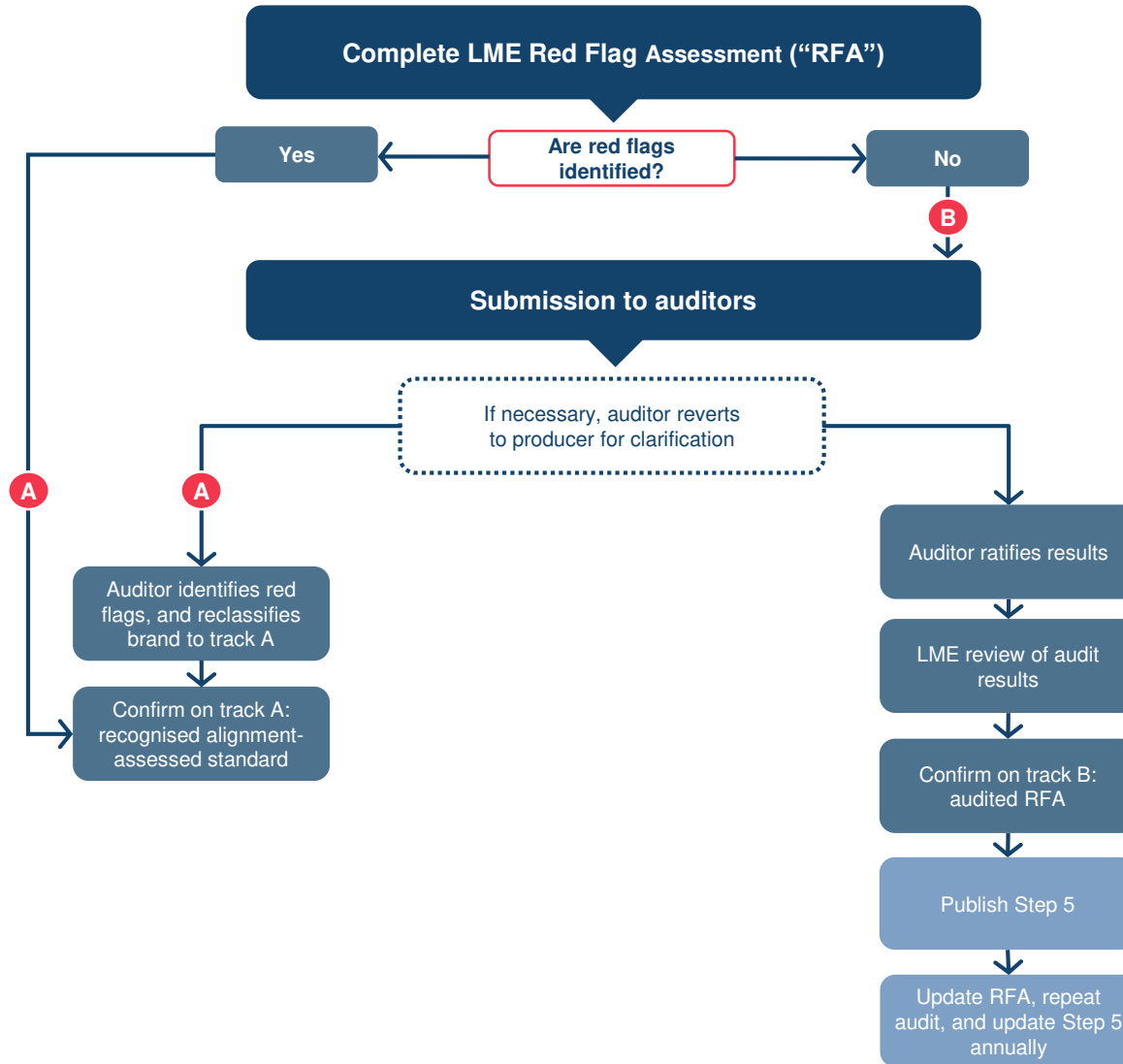
Track A: Recognised alignment-assessed standard process



- Alignment assessment re-performed if either guidance or standards undergo material change
- Alignment assessor not permitted to conduct standards audit for minimum of two years following alignment assessment
- Audit process repeated as specified by standard body, and at least every three years for internal standards

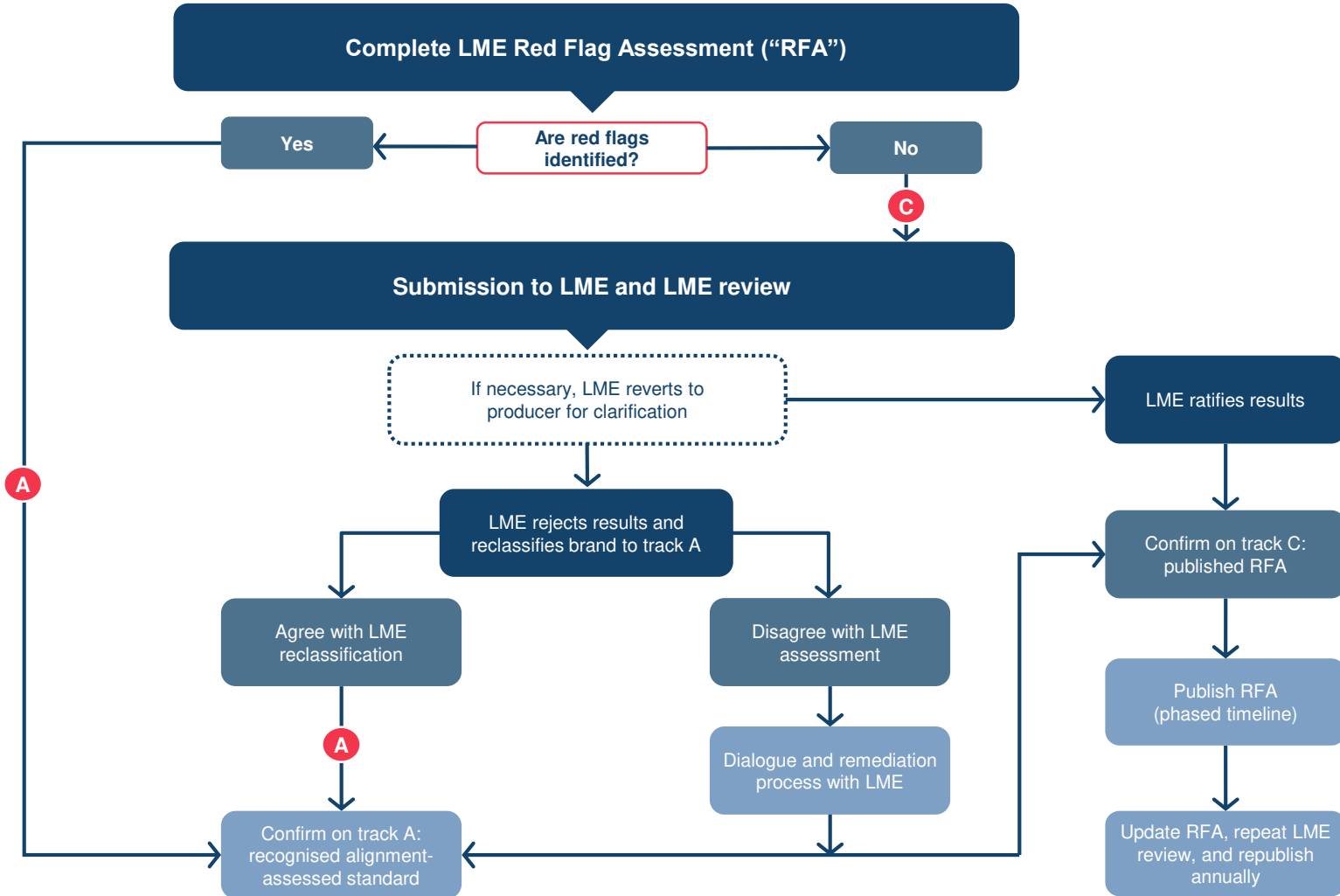
Easiest model for producers already pursuing an OECD-aligned industry scheme, providing audit assurance and OECD Step 5 transparency

Track B: Audited LME RFA process



LME RFA template provides clarity around requirements, with assurance delivered through audit and transparency through OECD Step 5 reporting

Track C: Published LME RFA process



Lowest cost model for producers, with LME oversight and a transparency-based approach centred around the LME RFA template

Timeline for implementation and compliance

Action	Tracks to OECD compliance		
	A: Recognised alignment-assessed standard track	B: Audited LME RFA track	C: Published LME RFA track
First reporting period	N/A (reporting periods will be as prescribed by standard)	1 Jan 2021 to 31 Dec 2021	1 Jan 2021 to 31 Dec 2021
		NB: first year reporting period can be shortened to align with annual reporting of the producer e.g. to cover period 1 Jan 2021 to 31 Mar 2021 only	
First reporting date	30 Jun 2022 Submit confirmation will be track A brand, and proposed standard	30 Jun 2022 Submit audit results	30 Jun 2022 Submit RFA template
Standard to be accepted as recognised alignment-assessed standard	31 Dec 2022	N/A	N/A
Audit of brand to standard to be completed	31 Dec 2023	N/A	N/A
Transparency	As prescribed by standard	31 Dec 2022 Step 5 reporting	31 Dec 2022 + 2023 – summary statistics 31 Dec 2024 + 2025 – anonymised reports 31 Dec 2026 onward – attributed reports
Update frequency	As prescribed by standard	RFA updated (with audit and Step 5 reporting) annually	RFA updated (with LME review and publication) annually
ISO 14001 and OHSAS / ISO 45001 (or equivalent certificates programmes) certifications completion	31 Dec 2023 (Certification programmes to be accepted as equivalent certification programmes by this date) (and updated on timeline prescribed by certification programmes)		

An achievable timeline respecting in particular the resourcing of artisanal and small-scale operators

Phased transparency for LME RFA track

Publication date	RFA results	
31-Dec-22	Y1	Summary statistics
31-Dec-23	Y2	Summary statistics
31-Dec-24	Y3	Anonymous versions
31-Dec-25	Y4	Anonymous versions
31-Dec-26	Y5 and onwards	Attributed versions

Ensures that track C brands are not disadvantaged compared with track A and B operators

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