Modern Slavery and Human Trafficking Statement 2023
The London Metal Exchange and LME Clear Limited

Introduction from the CEOs of LME and LME Clear

Modern Slavery is a serious global issue and represents one of the worst forms of human rights violation. We at The London Metal Exchange ("LME") and LME Clear Limited ("LME Clear") take this very seriously. We all have a responsibility to be alert to the risks, however small, in our businesses and in the wider supply chain. Staff at the LME and LME Clear are expected to report concerns and management are expected to act upon them.

Organisations' Structure

The LME and LME Clear form the world centre for industrial metals trading and clearing. The LME and LME Clear are part of the Hong Kong Exchanges and Clearing Group.

The LME and LME Clear each have an annual turnover in excess of £36m and each organisation is therefore subject to the requirements of the Modern Slavery Act 2015.

Our Business

Our UK business consists of the LME and LME Clear.

The business of the London Metal Exchange is to provide facilities for trading in LME contracts, providing access to trading to LME Members and, through them, to their clients. It is a Recognised Investment Exchange and a Benchmark Administrator, regulated by the Financial Conduct Authority.

LME Clear's business is the provision of clearing and settlement facilities for LME contracts to its members, who are themselves, members of the LME, acting as central counterparty for all business taking place on the LME. It is a Recognised Clearing House authorised and regulated by the Bank of England.

Our Policy on Slavery and Human Trafficking

The LME and LME Clear are committed to combatting the risk of Modern Slavery (including slavery, servitude, forced and compulsory labour and human trafficking) taking place in our business or in our supply chains. Our Modern Slavery Policy, which is reviewed annually by staff with oversight from committees of the LME and LME Clear Boards, is available to all staff and reflects our commitment to acting ethically and with integrity and to implement and enforce effective systems and controls to ensure Modern Slavery is not taking place in our supply chains.

Our 2022 review of our Modern Slavery Policy concluded that it continued to be fit for purpose and could continue to provide a suitable framework for developing our approach for dealing with Modern Slavery.

Internal Arrangements

We operate in accordance with policies related to equal opportunities and bullying & harassment, and a policy related to migrant workers, which highlights our commitment to prevent illegal working in the UK.

LME and LME Clear operate internal pay bands aligned to external compensation data to ensure salaries are set at appropriate levels. All of our employees are paid above the minimum wage in all areas of the business. LME and LME Clear also publish an annual Gender Pay Gap report, available on the LME website, which aligns with our commitment to transparency in our efforts to bring greater gender equality to our business and the wider industry.

We also have a robust Grievance Policy and procedure and a Whistleblowing Policy to ensure that our staff can raise any form of concern – including to outside authorities - without fear of reprisal. Our third-party provided whistleblowing platform offers a secure and fully anonymous channel which provides additional comfort for any staff members who may wish to raise a disclosure without revealing their identity.

These arrangements, and our commitment to protect our employees, ensure Modern Slavery is not taking place within the LME and LME Clear.

Our Supply Chains

LME and LME Clear do not act as producers, manufacturers or retailers of any physical goods. Our objective is to provide facilities for the trading and clearing of LME contracts for our members. The main suppliers to our business are providers of support services such as IT, legal advice and financial information. Note that there are other third party organisations that perform a role in the wider context of the market but which do not represent a part of our supply chains given the nature of the relationship between those organisations and the LME or LME Clear e.g. exchange/clearing house members, warehouse operators and metals producers.

Responsible Sourcing

Beyond our responsibilities under the legislation, we also recognise that we can help influence change in areas not within our supply chain but which are part of the broader market.

We announced our responsible sourcing requirements in October 2019, following a formal market-wide consultation on proposals underpinned by 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. Additionally, as part of these requirements, we require all brands to obtain ISO 14001 for environmental management and ISO 45001 for occupational health and safety management.

The LME had its first responsible sourcing deadline for its listed brands on 30 June 2022. The LME provided tools, webinar, and one on one engagement to support the producers with compliance. The requirements are designed to ensure that LME-listed brands meet LME-responsible sourcing requirements in line with international principles.

They rest on four core concepts:

- the combination of transparency and standards
- non-discrimination between large-scale mining and artisanal/small-scale mining
- adherence to the well-established responsible sourcing standards in the mining sector
- a pragmatic and transparent process for compliance

With the LME's first responsible sourcing deadlines passing, we were pleased to see the response of the brand producers across all metal categories. A total of 96% of LME brands submitted information to the LME to comply with the first responsible sourcing deadline, an outstanding result for a new initiative that spans nine metals and 55 countries. We continue comprehensive engagement with producers of

LME-listed brands to ensure they understand and are ready for future deadlines.

Additionally, the LME is working with a number of auditing firms, individual auditors, Track A standards, and ISO equivalent certification programmes as the LME cannot reach the global metal value chains alone, and we are grateful to our partners for their efforts. Please visit the approved partners page for additional information.

To learn more about the responsible sourcing policy and implementation, please visit our website here: https://www.lme.com/en/Company/Responsibility/Responsible-sourcing.

Responsible Sourcing Charity Projects

The LME announced a funding partnership totalling US$ 1.7 million with charities Pact and The Impact Facility in June 2021. The partnership supports two distinct multi-year projects aimed at tackling the worst forms of child labour in the mining communities of Zambia and the Democratic Republic of the Congo (DRC). Both projects completed baseline studies of the local communities in 2021 and have been implementing project work in 2022.

As part of the effort to reduce child labour in mining in Zambia, Pact developed a package of interventions, including support for children to access education, social services and vocational training. Pact also introduced 12 "WORTH" groups. Worth is a community banking model designed to educate women with entrepreneurial skills to start their own businesses, generate income and decrease the need for their children to accompany them to work in mines.

The Impact Facility launched a school improvement project in the copper-cobalt belt of the DRC. The three-year project is designed to drive the reduction of child labour in mining by improving the quality of educational facilities. The conditions of public schools in this area have deteriorated over time. They now require significant improvement to provide a safe environment for learning.

Due Diligence Process in LME Group's supply chain

The LME and LME Clear have continued to undertake due diligence on new suppliers when we enter into a business relationship with them. In 2022, we had no suppliers who presented a high risk of Modern Slavery and our overall supply chain risk continued to be low in relation to Modern Slavery.

We require all new suppliers to provide the LME Group with a copy of their Modern Slavery Statement or to complete a Modern Slavery questionnaire (where the new supplier is not itself subject to supply chain requirements under the Modern Slavery Act).

Contracts with suppliers

We seek to agree contracts with suppliers that align to our minimum standards. This includes the use of standard form contracts where appropriate and the adoption of robust policies governing contract review and approval. We also endeavour to ensure that suppliers are contractually obligated to comply with all applicable laws including Modern Slavery legislation.

Training

Our Modern Slavery Policy is kept up to date and made available to all staff in an accessible area of our intranet site. Training in respect of Modern Slavery for all new starters includes an attestation that individuals have read and understood the policy. This is helping to educate all staff members and create awareness of the importance of the fight against modern slavery.

Key Performance Indicators

This year, the LME has introduced key performance indicators (KPIs) into this Statement. These KPIs are designed to provide a more objective means of measuring the effectiveness of our efforts to tackle the risk of modern slavery in our business.

Focus Area	KPI	2022 Result
Training and Awareness	Completion of new starter training to all new staff, which contains materials on Modern Slavery	All New starters in 2022 have either attended, or are due to attend, new starter training which contains materials on Modern Slavery.
Risk Assessment	% of suppliers risk assessed for Modern Slavery as Low	74% of our suppliers have been assessed as low risk.
	% of suppliers risk assessed for Modern Slavery as Medium	26% of our suppliers have been assessed as medium risk.
	% of suppliers risk assessed for Modern Slavery as High.	No high risk suppliers.
Reports	# of Whistleblowing disclosures	We have received 0 Whistleblowing disclosures
	# of incidents related to Modern Slavery identified	No incidents relating to human rights/ modern slavery received in the year.
	# of incidents related to Modern Slavery addressed	N/A

Government's Digital Registry

In addition to uploading the Modern Slavery Annual Statement on our website, the LME and LME Clear will submit their Annual Statement to the Government's digital registry. The LME Head of Regulatory Compliance and the LME Clear Chief Compliance Officer are our registered users on the registry.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our slavery and human trafficking statement for the financial year ending 31 December 2022.

Annual Review

This statement will be reviewed annually and updated as required. The Boards of the LME and LME Clear have approved this statement.





Matthew Chamberlain

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James Cressy

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