

Sustainability at the LME and potential for premia

International Lead Association

27 June 2025



SETTING THE GLOBAL STANDARD



What is the LME?

Beginning in 1877, the LME is now over 140 years old...

The origins of the LME go back even further:



Origins in The Royal Exchange, London from 1571



The Jerusalem Coffee House, Cornhill, London early 1800



The London Metals and Mining Co. 1877 (initial metals: copper and tin)

It originated from the need to formalise trading into one market place with:



Fixed trading times



Standard contracts specifications



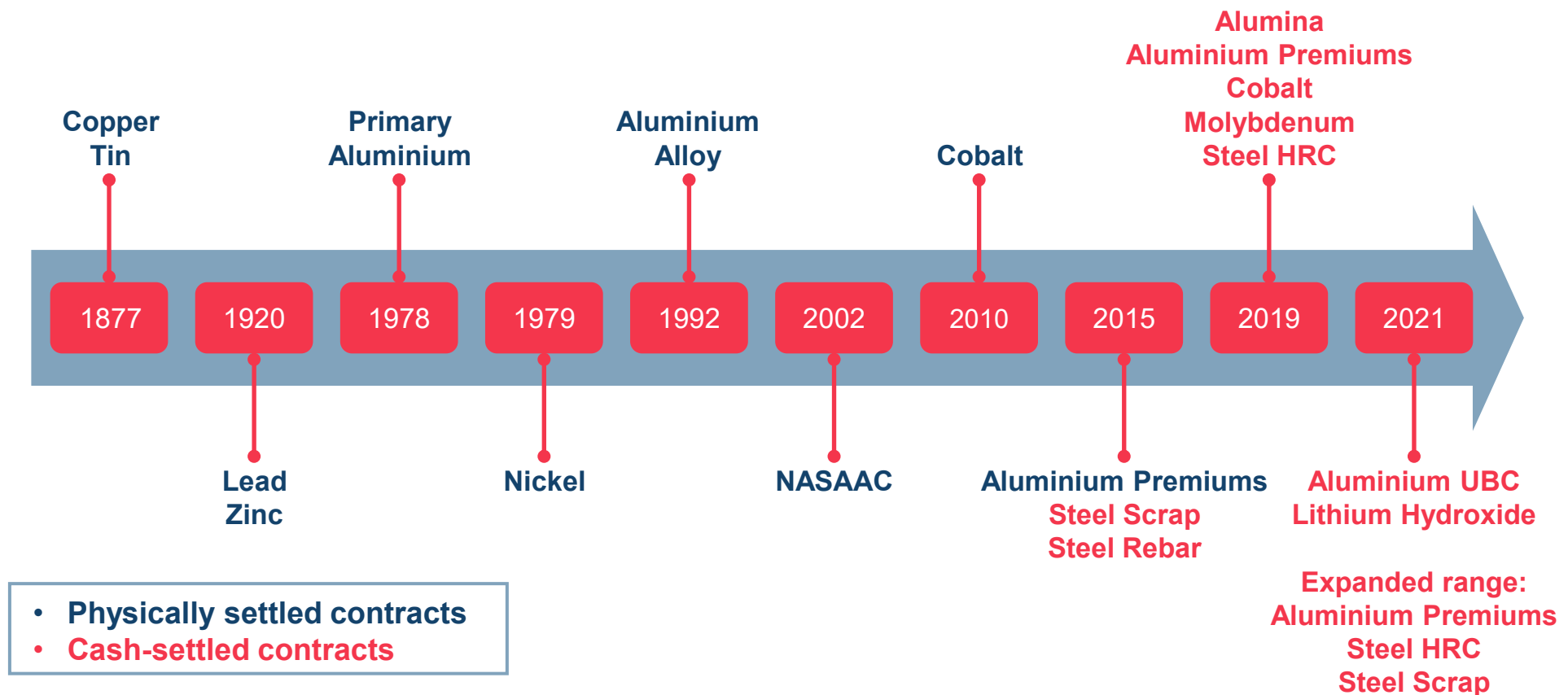
Source of price “discovery”



LME contract history

More metals have been added to the initial copper and tin, over the past ~140 years.

Each year, the exchange reviews its contracts and looks to launch new products to meet the needs of the industry.



Physically settled LME futures

Contracts to buy or sell a fixed amount of metal at a fixed price for a fixed delivery date

The LME lists physically settled futures contracts for:

Al	Aluminium	Ni	Nickel
Co	Cobalt	Sn	Tin
Cu	Copper	Zn	Zinc
Pb	Lead	+	Two aluminium alloys

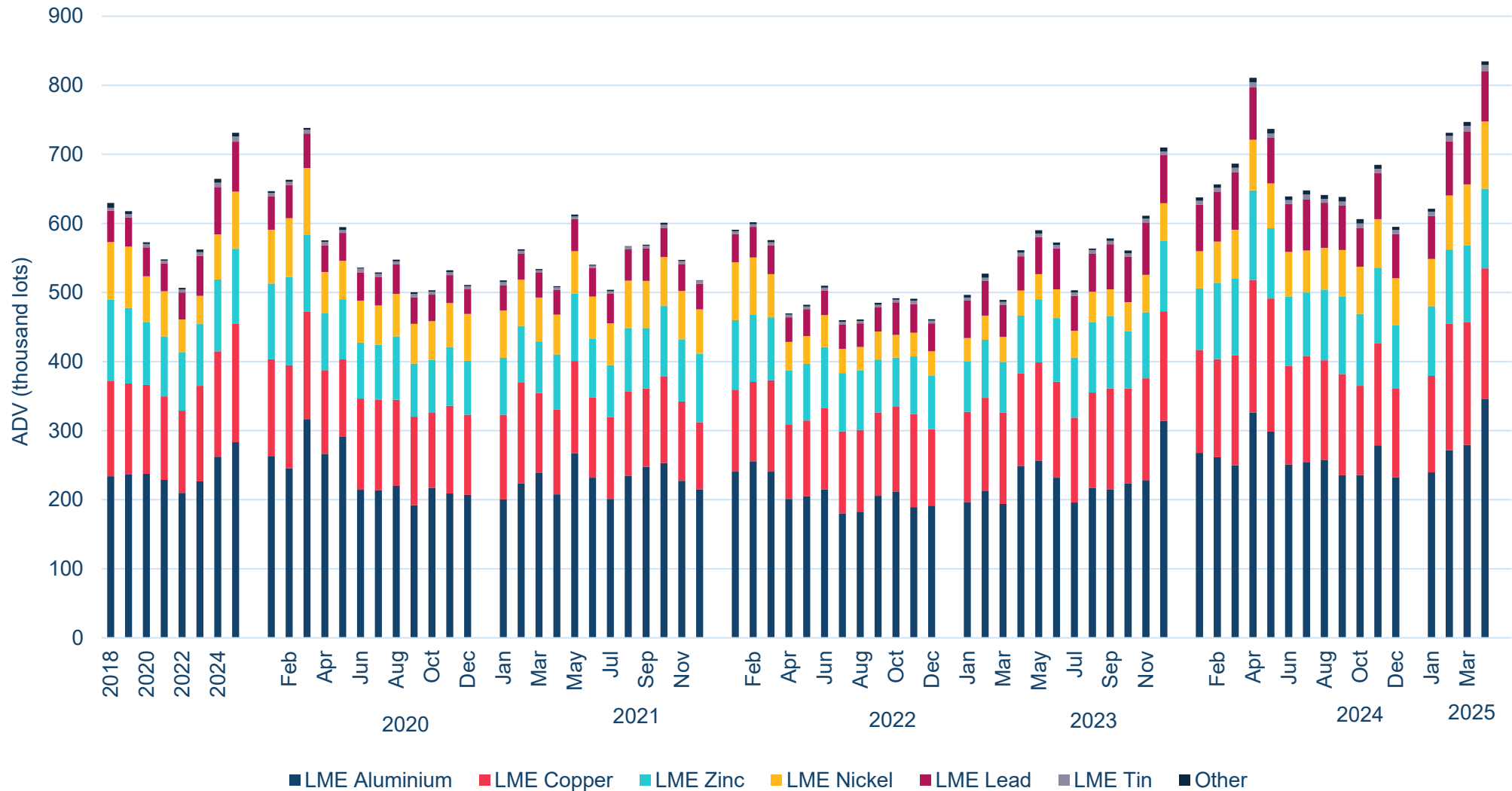
To facilitate delivery under the futures contracts, the LME specifies:

- formats of metal accepted for delivery: **LME brands**
- delivery locations: **LME approved warehouses**
- the delivery instrument: **LME warrant**



LME average daily monthly volume

Volumes reached a record high in April, exceeding the previous high set in April 2018

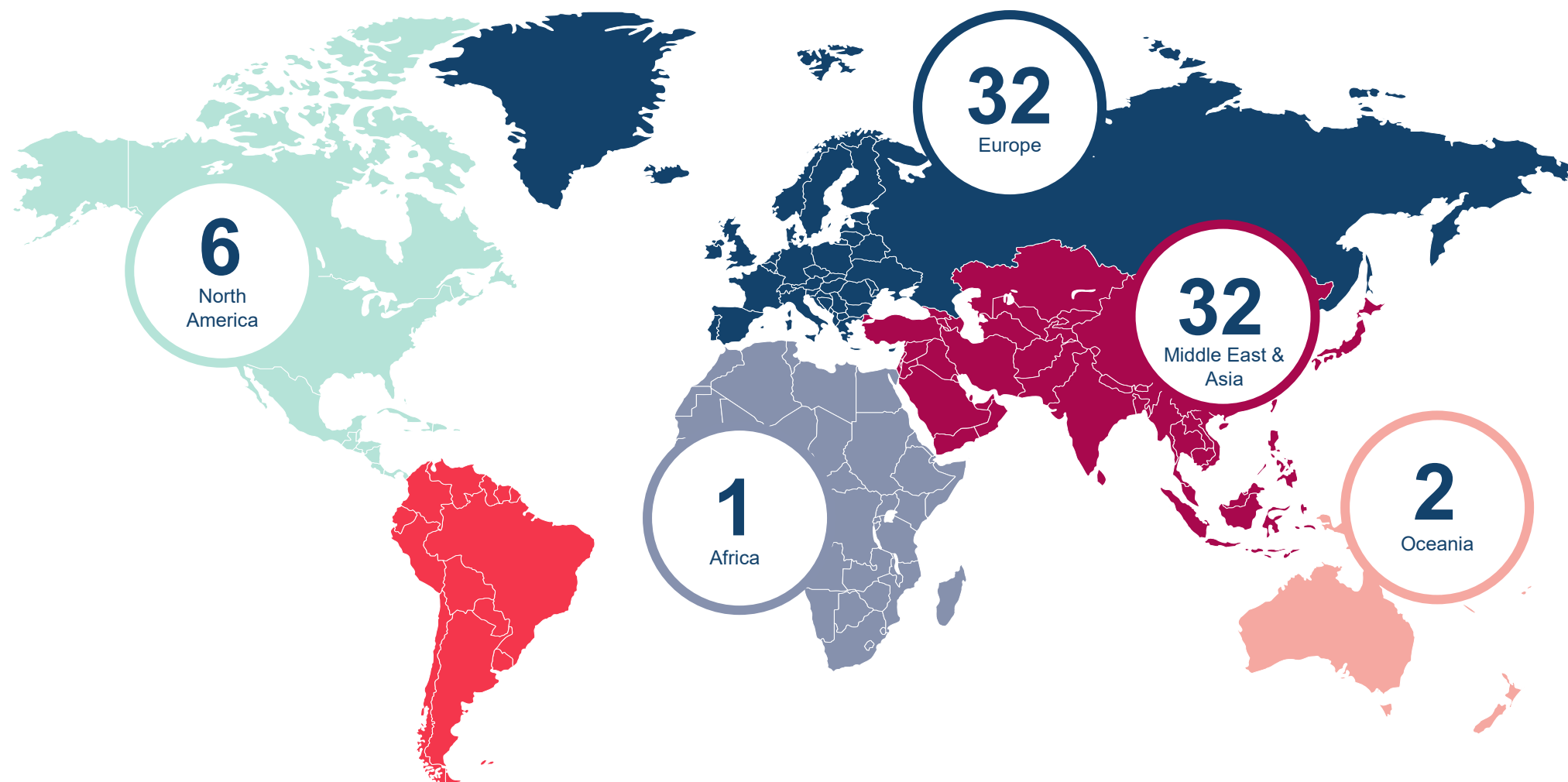


1. Source LME
2. Data up to 30 April 25



Global LME Lead brand locations

Total number of brands: 87



Metal	Total	Suspended	Active (live)	Chinese Brands
Lead	87	14	73	13



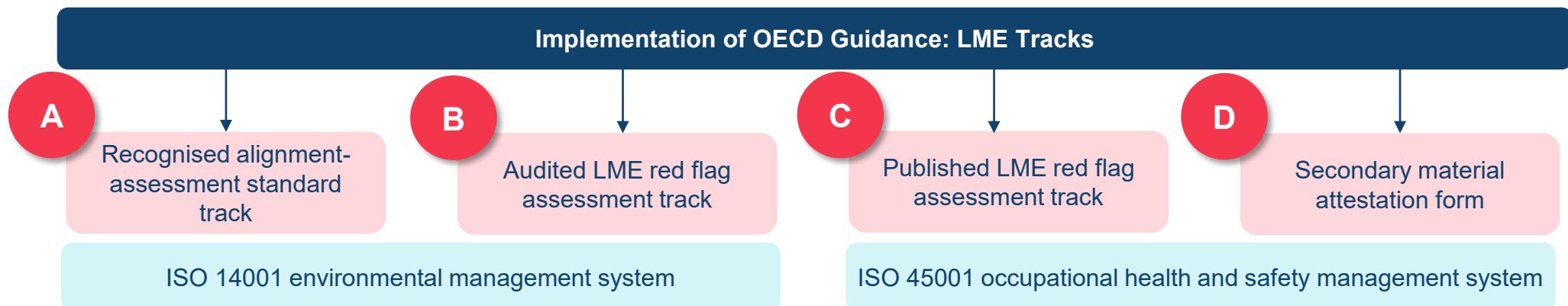
Brand listing requirements: ethical thresholds

LME introduced responsible sourcing to support ethical practices in the metal supply chain

Why did we introduce the requirements

Ethical responsibilities	<ul style="list-style-type: none">• 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
Commercial incentive	<ul style="list-style-type: none">• 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
Providing leadership	<ul style="list-style-type: none">• 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

What are the LME's requirements



Requirements apply to all LME-listed producers of physically settled contracts. For details, please refer to the LME policy found on the LME website:

<https://www.lme.com/en/Company/Responsibility/Responsible-sourcing>

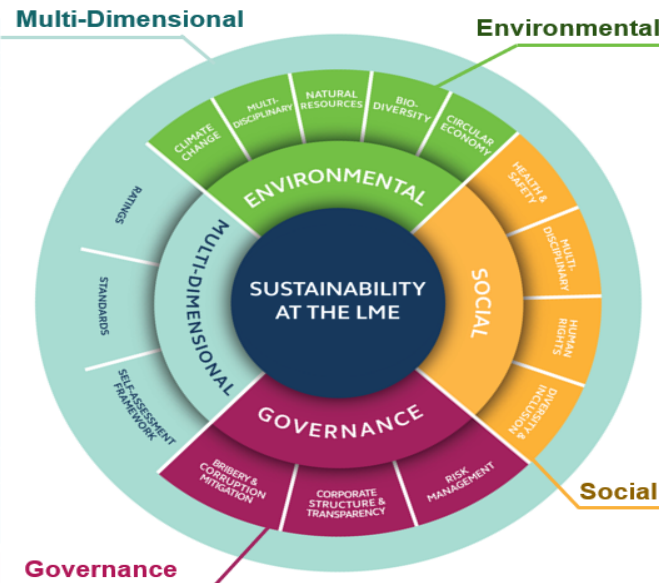
* OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas



LMEpassport as the foundation for transparency...

The LME can support the industry by improving confidence in credentials, acting as a trusted steward of sustainability data

ASI – Performance Standard (V2 and V3)
Copper Mark – Full Standard
ICMM – Membership and Performance Expectations
IRMA – Standard for Responsible Mining (transparency, 50, 75 and 100)
ITA – Tin Code Environmental, Social & Governance
RMI – Smelter and Refiner Risk Readiness Assessment
RMI – Environmental, Social & Governance Standard for Mineral Supply Chains
Towards Sustainable Mining (TSM)
Chinese Due Diligence Guidelines for Responsible Mineral Supply Chain
EcoVadis Ratings Medals
Global Reporting Initiative (GRI)
SASB – Sustainability Accounting Standards Board Metals & Mining
Task Force on Climate-related Financial Disclosures (TCFD)
Extractive Industries Transparency Initiative (EITI)



IAI 2021 Good Practice Guidance for Calculation of Primary Aluminium and Precursor Product Carbon Footprints*
The Greenhouse Gas Protocol Corporate Accounting and Reporting Standard – emissions reporting (scopes 1, 2 and 3)
ISO 14001 – Environmental management systems
International Zinc Association's GHG emissions guidance
Nickel Institute's GHG emissions guidance
LME secondary materials attestation (under LME Responsible Sourcing requirements)
CRU – Emissions Analysis Tool (scopes 1, 2 and 3)**
Cobalt Institute Carbon Methodology Guidance
CDP – Climate Change
CDP – Water Security
ISO 45001 – Occupational health and safety management systems
Copper Mark Assurance Framework – Joint Due Diligence Standard for Copper, Lead, Nickel and Zinc
ITA – Tin Code 7.3 Responsible Sourcing
RMI – Cobalt Refiner Due Diligence Standard
RMI – Responsible Minerals Assurance Process, Tin and Tantalum Standard
EGC Responsible Sourcing Standard
SA 8000 Standard
LBMA – London Bullion Market Association Responsible Gold Guidance - V9

The LME sustainable metal opportunity

Now able to use established standards like Copper Mark or Aluminium Stewardship Initiative which encompass multiple dimensions of sustainability (e.g. carbon footprint, water usage, and indigenous rights) and certified due diligence, and have made sufficient progress in respect of carbon measurement, assessment methods, and verification processes. The LME believes that now – for the first time – sufficient data and comparability exists to facilitate a fair and scientifically-based sustainability premium market.

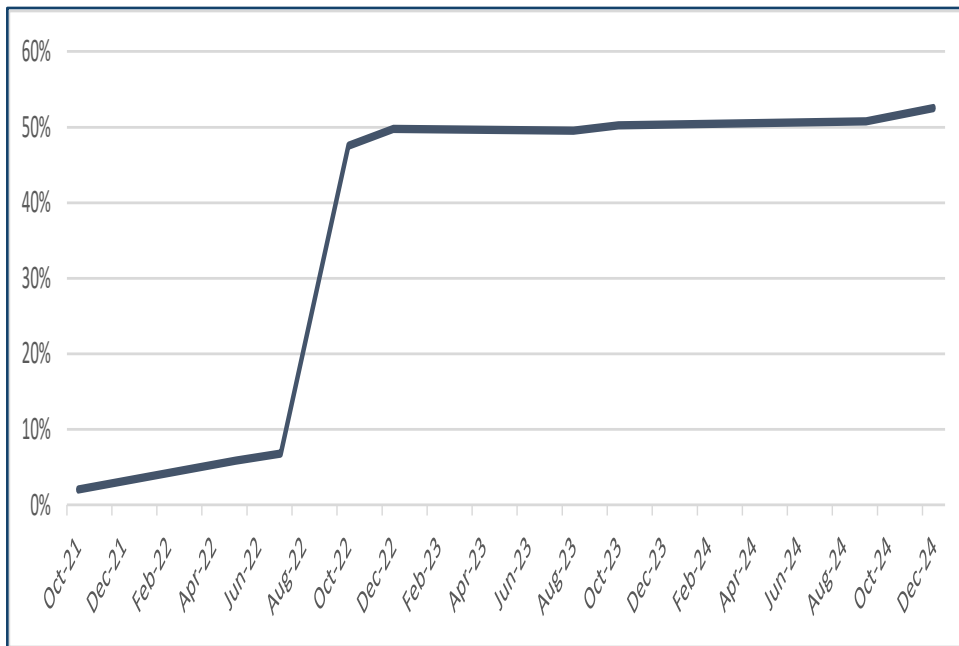


...which supports the discovery of sustainability metals premia

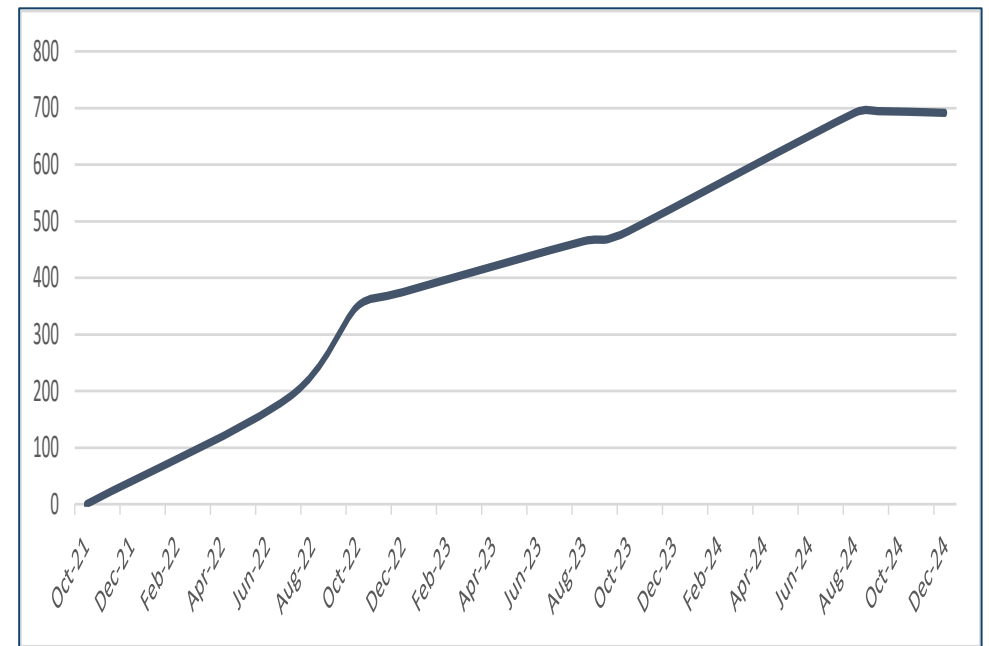
LME supporting the development of trade-based sustainability pricing

The low-carbon nickel pilot

In March 2024, the LME launched a low-carbon nickel price discovery initiative together with its partner, Metalshub. The LME created a clear and robust initial definition of low-carbon nickel per the Nickel Institute methodology. The Metalshub platform then allows buyers and sellers to agree trades for the sale and purchase of sustainable (initially corresponding to low-carbon) nickel, per the LME's definition.



Percentage of LME brands with sustainability disclosures on LMEpassport

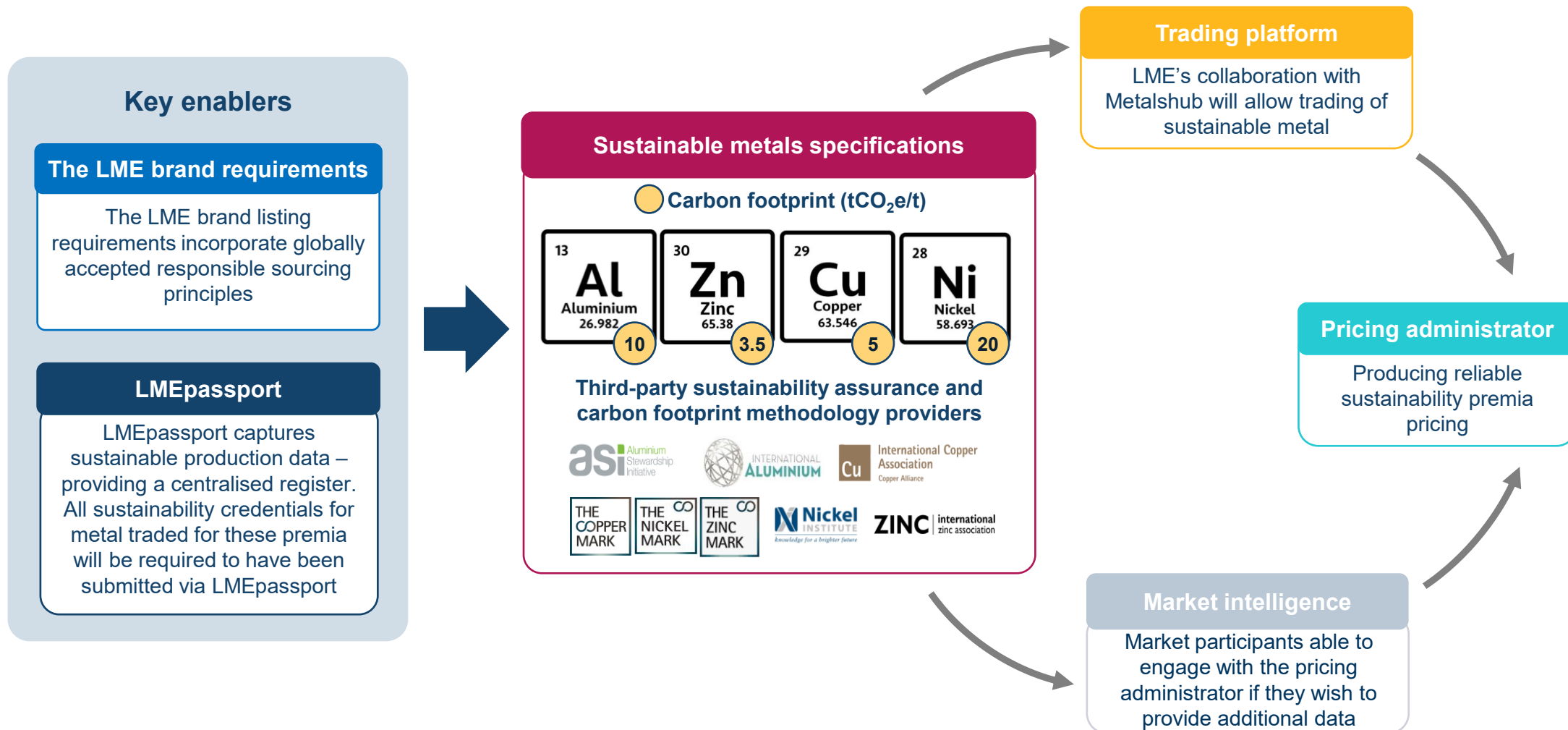


Number of sustainability disclosures on LMEpassport



Discovering sustainability metals premia

The LME can support the industry by improving confidence in credentials, acting as a trusted steward of sustainability data, and supporting development of trade-based sustainability pricing



Next steps and feedback

The LME welcomes feedback on its proposal, particularly producers and consumers of LME brands that wish to be “first-movers” in this space. Feedback to the proposed sustainability criteria is welcomed to ensure leading standards are incorporated



Disclaimer

© The London Metal Exchange (the “LME”), 2024. The London Metal Exchange logo is a registered trademark of The London Metal Exchange.

All rights reserved. All information contained within this document (the “Information”) is provided for reference purposes only. While the LME endeavours to ensure the accuracy, reliability and completeness of the Information, neither the LME, nor any of its affiliates makes any warranty or representation, express or implied, or accepts any responsibility or liability for, the accuracy, completeness, reliability or suitability of the Information for any particular purpose. The LME accepts no liability whatsoever to any person for any loss or damage arising from any inaccuracy or omission in the Information or from any consequence, decision, action or non-action based on or in reliance upon the Information. All proposed products described in this document are subject to contract, which may or may not be entered into, and regulatory approval, which may or may not be given. Some proposals may also be subject to consultation and therefore may or may not be implemented or may be implemented in a modified form. Following the conclusion of a consultation, regulatory approval may or may not be given to any proposal put forward. The terms of these proposed products, should they be launched, may differ from the terms described in this document.

Distribution, redistribution, reproduction, modification or transmission of the Information in whole or in part, in any form or by any means are strictly prohibited without the prior written permission of the LME.

The Information does not, and is not intended to, constitute investment advice, commentary or a recommendation to make any investment decision. The LME is not acting for any person to whom it has provided the Information. Persons receiving the Information are not clients of the LME and accordingly the LME is not responsible for providing any such persons with regulatory or other protections. All persons in receipt of the Information should obtain independent investment, legal, tax and other relevant advice before making any decisions based on the Information.

LME contracts may only be offered or sold to United States foreign futures and options customers by firms registered with the Commodity Futures Trading Commission (CFTC), or firms who are permitted to solicit and accept money from US futures and options customers for trading on the LME pursuant to CFTC rule 30.10.

The LME is authorised and regulated by the Financial Conduct Authority in respect of its benchmark administration activities under the European Benchmarks Regulation (Regulation No (EU) 2016/1011) (“BMR”), as onshored into UK law.

The names “S&P Global Platts” and “Platts” and the Platts logo are trademarks of S&P Global Inc. and have been licensed for use by The London Metal Exchange. S&P Global Platts, a division of S&P Global Inc. also licenses The London Metal Exchange to use Platts Steel Rebar FOB Turkey, Platts TSI Scrap HMS 1/2 80:20 CFR Turkey, Platts TSI HRC EXW US Indiana, Platts TSI HRC EXW Ruhr, Platts HRC SAE1006 FOB China, Platts Aluminum Transaction Premium DDP US Midwest and Platts Molybdenum Oxide Daily Dealer (Global); (the “Assessments”) in connection with the listing, facilitation of trading of, settlement and clearing of certain contracts (the “Contracts”) based upon the Assessments. The Contracts are not sponsored, endorsed, sold or promoted by S&P Global Platts or its affiliates or licensors. S&P Global Platts, its affiliates and licensors make no representation or warranty, express or implied, either regarding the Contracts or the advisability of investing in securities or commodities generally or the ability of the Assessments to track general market performance or commodity price movements. S&P Global Platts, its affiliates and licensors disclaim any and all warranties, express or implied, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use as to the Assessments, or the results obtained by its use or as to the performance thereof. S&P Global Platts, its affiliates and licensors do not guarantee the adequacy, accuracy, timeliness and/or completeness of the Assessments or any component thereof or any communications (whether written, oral, electronic or other format), and shall not be subject to any damages or liability, including but not limited to any indirect, special, incidental, punitive or consequential damages (including but not limited to, loss of profits, trading losses and loss of goodwill).

ARGUS, ARGUS MEDIA, the ARGUS Logo, Argus HRC FOB Tianjin China are trademarks and are used under licence from Argus Media Limited. All copyrights and database rights in the Argus HRC FOB Tianjin China index belong exclusively to the Argus Media group and are used herein under licence. Argus takes no position on the purchase or sale of LME products which reference Argus or the Argus HRC FOB Tianjin China index and excludes all liability in relation thereto.

