

Summary presentation of LME Decision Notice on CBAM consultation and sustainability discussion paper

Summarised responses and proposed next steps



SETTING THE GLOBAL STANDARD



CBAM consultation and response: summary

Overall themes

- Respondents broadly supported the proposed requirements outlined by the LME (to introduce mandatory emissions reporting for LME-listed aluminium brands), believing the industry has sufficient experience in emissions reporting such that this would not cause a significant increase in administrative burden on producers. In general, mandatory emissions reporting is seen to enhance data exchange efficiency, facilitating better market decisions as emissions profiles become crucial for trading and investment.
- Many agreed that LME's requirements for aluminium brands would drive sustainability data use across value chains, aligning the aluminium industry with global sustainability trends and regulations.
- A few urged LME to extend the mandate to include Scope 3 emissions at product-level, leveraging regulatory momentum for greater transparency and higher data quality.
- Some suggested voluntary reporting to avoid possible additional burden, particularly for non-EU importing producers.

Requirements and next steps

Following analysis of feedback received, the LME is proposing to mandate emissions reporting for LME-listed aluminium brands, in line with the EU CBAM methodology, and to introduce voluntary International Aluminium Institute ("IAI")-aligned emissions reporting. It is worth noting that in light of the feedback received, there have been a number of adjustments made to the initial consultation proposal, namely around an extended timeline, delayed verification and additional methodologies being made available.

The seven key areas which outline LME's next steps:

Mandatory emissions reporting overview	Emissions reporting form	Transparency	LMEpassport and Certificate of Analysis ("CoA")	Additional ESG information	Extension beyond Aluminium, Alloy and NASAAC	Timelines and verification
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CBAM – requirements deep dive (1/4)

What we proposed, what we're doing

	CBAM emissions reporting requirements	LME emissions reporting form
What we proposed <i>Outlined in the initial consultation</i>	Implement LME mandatory emissions reporting requirements in line with the EU CBAM regulation.	A form that LME producers would fill out to meet the emissions reporting requirements. In the consultation, the LME raised the question of whether users felt this was representative of the EU CBAM regulation.
Feedback received	<ul style="list-style-type: none">• Broadly supportive, with many believing the industry is already experienced in emissions reporting and would not face a significant increase in administrative burden.• Supporters highlighted the contribution to increased efficiency in data exchange, expected to facilitate better decision-making in the market.• No mention from the Alloy / NASAAC community around issues with complying.	<ul style="list-style-type: none">• The majority of respondents stated that the proposed LME emissions reporting form was broadly reflective of the EU CBAM requirements.• Responses sighted the importance of the LME matching the exact information required for the EU CBAM regulation for this initiative to be most effective.
What we'll be doing <i>Outlined in the decision notice</i>	<ul style="list-style-type: none">• The LME will be moving forward with this initiative, but will make some small adjustments to the requirements after receiving feedback.• The new LME requirements will mean that LME-listed primary aluminium, alloy and NASAAC brands will need to report both direct and indirect emissions.• The LME will aim to stay in line with the EU CBAM regulation where possible to ensure alignment and ease of meeting the regulation.• There will be no requirement for verification for the first year (2025) – to reduce additional costs on producers and align more closely with the EU requirements.	<ul style="list-style-type: none">• The updated form will be published alongside the decision notice.• The LME will ensure that the fields are suitable and in line with the latest version of the EU CBAM regulation, so that it is appropriate to be utilised to meet the respective regulation whilst maintaining its easy-to-understand language and format.• As the EU CBAM regulation has not yet been fully finalised, the LME maintains the opportunity to update this form to ensure that it continues to accurately represent the requirements from both the LME side and that of the EU.



CBAM – requirements deep dive (2/4)

What we proposed, what we're doing

	Transparency	Use of LMEpassport and CoAs
What we proposed <i>Outlined in the initial consultation</i>	Keep CBAM emissions data private to only those that can access CoAs, unless a producer would like to voluntarily publicly share this information via the public facing side of LMEpassport.	Utilise LMEpassport and CoAs to append mandatory emissions data.
Feedback received	<ul style="list-style-type: none">• Respondents mainly supported the transparency approach outlined by LME. There was a common theme throughout many responses which highlighted the importance of transparency of sustainability data (more broadly than just the CBAM or emissions).• A number of respondents highlighted the importance of ensuring the confidentiality and security of emissions data.	<ul style="list-style-type: none">• The vast majority of respondents agreed that sharing CBAM emissions data via a CoA on LMEpassport would be the ideal method.• Respondents were largely complimentary of the role of LMEpassport in emissions reporting.
What we'll be doing <i>Outlined in the decision notice</i>	<ul style="list-style-type: none">• The LME will follow the same guidelines as stipulated in the consultation.• The LME recognises that some stakeholders consider certain data to be commercially sensitive, as such, only metal owners will be able to access CBAM emissions through LMEpassport, unless the producer ticks the box in the form to showcase the data on their producer profile.	<ul style="list-style-type: none">• The LME will follow the same guidelines as stipulated in the consultation.<ol style="list-style-type: none">1. Producers will login and upload emissions to LMEpassport.2. LMEpassport system will automatically append emissions data to CoAs.3. Metal owners can search for CoAs LMEpassport to access relevant CBAM data.



CBAM – requirements deep dive (3/4)

What we proposed, what we're doing

	Additional ESG information	Extension beyond Aluminium, Alloy and NASAAC
What we proposed <i>Outlined in the initial consultation</i>	<p>Inclusion of other ESG credentials attached to CoA alongside the CBAM emissions reporting.</p>	<p>The proposed requirements did not allow for other metals to append emissions information on a voluntary basis. The plan was to follow regulation if extended to other metals in the future.</p>
Feedback received	<ul style="list-style-type: none"> • A large number of respondents saw value in allowing additional ESG information such as responsible sourcing compliance or other carbon methodologies alongside that of the CBAM information. • There was a large amount of commentary around ensuring that the LME acknowledges the differences between existing carbon methodologies including the EU CBAM and the IAI methodology. 	<ul style="list-style-type: none"> • Other metals keen to have requirements implemented no later than 2030 (with 2030 itself being too late). Some respondents have stated it would be useful for non-Aluminium producers to be able to voluntarily disclose.
What we'll be doing <i>Outlined in the decision notice</i>	<ul style="list-style-type: none"> • The LME will allow for producers to also voluntarily share their IAI Product Carbon Footprint Guide methodology emissions calculation alongside that of the EU CBAM emissions to LMEpassport. • LMEpassport will also append the IAI aligned-emissions to the CoA, beginning to utilise the CoA as the product level store of ESG information. This means that any information passed through the value chain would include this information alongside the CBAM information to ensure that companies feel suitably represented. 	<ul style="list-style-type: none"> • The LME will closely align with EU requirements by not extending our rules beyond Aluminium, Alloy, and NASAAC. • We recognise that other carbon border adjustment initiatives may be introduced in the future. These will be evaluated individually, with any new reporting requirements being announced at least six months in advance through a Notice. • CBAM emissions data hinges on the creation of digital CoAs on LMEpassport. Therefore, we would only consider voluntary measures or imposing similar requirements for other metals once we have established a digital link for all LME brands.



CBAM – requirements deep dive (4/4)

What we proposed, what we're doing

	Timelines	Verification
What we proposed <i>Outlined in the initial consultation</i>	Upload emissions before 15 March 2025 and thereafter on an annual basis.	Verification of CBAM emissions reporting will be required from 2025 (15 March deadline)
Feedback received	<ul style="list-style-type: none"> Several respondents agreed with the proposed timelines for the reporting requirements, but emphasised the need to ensure timelines are aligned with EU regulation. Some respondents expressed concerns predominantly around the proposed speed of implementation as well as ensuring alignment with EU requirements. 	<ul style="list-style-type: none"> A few respondents outlined the difficulties with getting CBAM emissions verification by March 2025. These included concerns on the limited time for calculation and verification and a lack of guidance from the EU on how to get the reporting verified.
What we'll be doing <i>Outlined in the decision notice</i>	<ul style="list-style-type: none"> The LME has decided to extend the initial deadline in 2025 from 15 March 2025 to 15 June 2025. Producers will be required to submit the LME emissions reporting form on an annual basis, per brand. From 2026 onwards, the annual deadline will sit at 1 April. 	<ul style="list-style-type: none"> To align with the EU CBAM regulation, the LME will remove the need for verification for the first year (15 June 2025). Producers can still voluntarily provide these details in 2025, however, for all subsequent years (from 2026), producers will be required to provide verification details within the tab included in the LME emissions reporting form.

2024 Q4	2025 Q2			2025 Q3		2026 Q2
30 April 2025 – EU deadline Importers required to report on CBAM Registry for quantity imported from 2025 Q1. Importers are required to use 2024 data.	30 May 2025 – EU deadline Deadline for importers to correct submitted reports for 2025 Q1 in CBAM Registry.	15 June 2025 – LME deadline CBAM emissions reporting form for embedded emissions for calendar year 2024 due. No audit required.	31 July 2025 – EU deadline Importers required to report on CBAM Registry for quantity imported from 2025 Q2. Importers are required to use 2024 data.	31 August 2025 – EU deadline Deadline for importers to correct submitted reports for 2025 Q2 in CBAM Registry.	1 April 2026 – LME deadline CBAM emissions reporting form for embedded emissions for calendar year 2025 due. Audit required.	



Sustainability discussion paper: responses and next steps

Sustainability discussion paper: deep dive (1/3)



Sustainability related pricing (aluminium)

Summary of responses

- Respondents agreed on the complexity of defining low carbon and “green metal,” emphasising the need for transparency and robust methodologies in carbon footprint reporting.
- There was consensus on using comprehensive, internationally recognised standards and full lifecycle assessments to define low-carbon metal, ensuring alignment with global best practices.
- Support for a holistic approach to “green metal” was strong, advocating for the inclusion of broader ESG criteria.

Next steps

- Based on market feedback, the LME will not proceed to use CBAM data to inform a low-carbon aluminium price discovery mechanism.
- In the case of aluminium, one of the industry’s most comprehensive and internationally recognised frameworks for calculating emissions is the IAI Aluminium Carbon Footprint Methodology.
- If there is sufficient demand, the LME will consider adopting an approach for aluminium and other metals similar to the method used by the LME for low carbon nickel pricing, as outlined in LME Notice 24/116.

Summary of responses

- Respondents generally aligned with the existing methodologies that are available to disclose against on LMEpassport, considering them the most appropriate for carbon accounting.
- Concern still persists among respondents that carbon methodologies are not yet standardised and hence, comparable.
- Challenges identified include the complexity of tracking emissions through multi-tiered supply chains, validating market mechanisms to reduce Scope 2 emissions, methods for including pre-consumer scrap, and ensuring consistent education.

Next steps

- The LME is proud of the progress to date and will continue to work alongside individual metal associations, and actively engage with industry stakeholders to gather feedback, identify gaps, and address challenges in carbon accounting and emissions tracking.
- Currently, producers can report against the following methodologies on LMEpassport: Aluminium – IAI Aluminium Carbon Footprint Methodology, Cobalt – Cobalt Institute’s Product Carbon Footprint (PCF) guidance, Nickel – Nickel Institute’s GHG emissions guidance and Zinc – International Zinc Association’s GHG emissions guidance for SHG zinc (version 2)



Carbon methodologies



Sustainability discussion paper: deep dive (2/3)



Carbon pricing and risk mitigation

Summary of responses

- The proposal to explore the introduction of a hedging mechanism for CBAM certificates received mixed responses; while most saw benefits in managing CBAM-related carbon price risks, a few were sceptical due to existing liquidity in EU ETS derivatives.
- There was a general consensus on the importance of understanding and mitigating carbon price risks, with most respondents actively considering the impacts on their businesses.

Next steps

- The LME will continue to assess the feasibility of a contract by conducting further market research and engaging with industry stakeholders to gauge interest and gather detailed feedback on potential benefits and challenges.
- The LME will analyse existing liquidity and usage of current EU Allowance (“EUA”) derivatives to ensure that any new contract will not be redundant.
- The LME will also explore potential design features of the contract to address specific needs and concerns raised by respondents, ensuring it aligns with stakeholder needs. Given the early stage of this process, it is premature to take immediate action at this time.



Data on LMEpassport

Summary of responses

- There were mixed responses around support for the opt-out model, which would allow for the LME to upload publicly available sustainability information to LMEpassport. Respondents expressed concerns over data ownership and called for clear guidelines and verification processes. There was a clear consensus that producers should be notified when their sustainability information is uploaded to LMEpassport, allowing them to verify accuracy.
- The LME will be advancing its proposal to upload outcomes from the LME’s responsible sourcing requirements to LMEpassport.

Next steps

- Given the market feedback, the LME has decided against implementing an opt-out model.
- The LME will automatically upload data relating to the compliance of every LME-listed brand with the LME’s responsible sourcing requirements, given the substantial support for this information to be readily available. There will be no opt-in or opt-out approach adopted for the data relating to the LME’s responsible sourcing requirements.



Sustainability discussion paper: deep dive (3/3)



Traceability

Summary of responses

- Companies are increasingly engaged in traceability programs driven by stakeholder demands for supply chain transparency, with varying levels of maturity and adoption of solutions. The LME is seen as a valuable player in supporting traceability efforts, although some respondents argued traceability should remain voluntary and primarily driven by industry initiatives.

Next steps

- The LME will continue to keep an eye on the market by closely monitoring developments in traceability technologies and associated regulatory requirements.
- At this time, it is still too early to provide detailed information on a specific LME offering in this area.



Circular economy

Summary of responses

- Several companies measure recycled content, with some confirming audits. However, across the board, there was a lack of standardisation in calculations across companies. There were also mixed opinions from respondents on the LME introducing more scrap contracts.

Next steps

- The LME will continue to engage with stakeholders on this topic by hosting regular forums and discussions to gather input and feedback, ensuring that all perspectives are considered in pursuing standardisation of circular economy standards.



EPDs

Summary of responses

- Responses indicated a varied level of adoption and awareness of Environmental Product Declarations (“EPDs”) across different sectors. In some companies, particularly within the construction industry, EPDs are more common and increasingly important.

Next steps

- The LME will remain an avid observer in this space, closely monitoring developments in the adoption and standardisation of EPDs. At this time, the LME believes it is not the appropriate time to extend its remit to include EPDs on LMEpassport.

