## LME responsible sourcing compliance – Audit company application form

## Introduction

To become approved as an audit company that is an eligible auditor of the responsible sourcing compliance of LME brands, please complete the auditor application form below.

Once complete, this form should be signed and returned to responsiblesourcing@lme.com. The LME publishes a list of approved auditors on the [LME website](https://www.lme.com/en-GB/About/Responsibility/Responsible-sourcing) and shall ensure the list is regularly reviewed and updated.

Please note that the terms auditor and audit company can be taken to mean both auditor and assuror[[1]](#footnote-1), pursuant to the definition of Standard Audit Report in Section 16 in LME Policy on Responsible Sourcing of LME-Listed Brands (the “LME Responsible Sourcing Policy”).

For the avoidance of doubt, (pursuant to paragraph 5.3(b)(i) in the LME Responsible Sourcing Policy), auditors already approved by a recognised LME External Standard do not need to separately apply to the LME unless they also seek to undertake other forms of LME responsible sourcing audits (i.e. not under that Track A Standard).

Audit companies shall submit this application form supported by sufficient evidence and a completed Lead Auditor Application form. The LME will review the information and audit companies may be required to provide any additional information and/or clarification, as may be required by the LME, to support its decision.

For the avoidance of doubt, both an audit company and the lead auditor need to be approved to become eligible to undertake LME audits (please refer also to the Lead Auditor Application form). Approval by the LME of the lead auditor means that such auditor is eligible to undertake audits against internal Track A standards (Recognised Alignment-Assessed Standard Track), Track B completed Red Flag Assessments (Audited LME RFA Track), and ISO equivalence assessments (please see LME ISO guidance form for reference).

The LME reserves the right to review the information submitted by audit companies (even after approval) in order to determine if there are any changes that will affect an audit company’s ability to remain on the LME list of audit companies.

## Audit company application form – contents

The LME’s audit company application form consists of the following sections:

|  |  |
| --- | --- |
| **Section A – General information** | Essential company and primary contact information  |
| **Section B – Mitigation of conflicts of interest** | Assesses any potential conflicts of interest and how the audit company proposes to address such conflicts. All parts of Section B must be completed |
| **Section C – Processes, policies and procedures** | Assesses how prepared and robust the audit company’s procedures are, when viewed in the context of its readiness to audit entities for LME compliance |
| **Section D – Experience of audit company** | Assesses whether auditor company has the pre-requisite experience to effectively complete an audit to the level required by the LME  |
| **Section E – Further documentation** | Gives the audit company the opportunity to attach any additional documentation (e.g. accreditations, references etc) that they believe may be pertinent to the application  |
| **Section F – Declaration** | Formal declaration that the information and supplementary documents are correct and accurately reflect the audit company’s capabilities  |

Section A: General

|  |  |
| --- | --- |
| LME requirement  |  Audit company details |
| Name of audit company |  |
| Division of company that is applying (if applicable) | *[i.e. the regional office which will be responsible for conducting the audit e.g. “Audit company inc – India division”]* |
| Registered business address and contact details of head office |  | Address |  |
| City |  |
| State/Province/County |  |
| Country |  |
| Telephone number |  |
| Email address |  |
| Primary contact person |  | Name |  |
| Position |  |
| Telephone number |  |
| Email address  |  |
| Type of metals which the audit company is able to assess |  | *[e.g. aluminium, copper, cobalt etc]*  |

## Instructions

All requirements in Section B (mitigation of conflicts of interest) must be adhered to by the audit company for the company to be an LME-registered auditor.

Sections C and D are not “pass/fail” sections; instead, the answers from the audit company in these sections are intended to provide the LME a holistic view of the audit company’s capabilities. If an audit company does not have the credentials identified, it should indicate in its response if it plans to ascertain such credential or set out why it does not believe such a credential is needed.

If the audit company has any questions on any of the requirements below it should contact responsiblesourcing@lme.com.

Section B: Mitigation of conflicts of interest

Please summarise in the table below how the audit company will adhere to each of the below LME requirements. Supporting documentation for each requirement may be attached to the application where appropriate.

| LME requirement | Audit company response | LME comments |
| --- | --- | --- |
| **Ability to manage and mitigate potential risk of conflicts of interest** |
| 1. Any auditor working for the audit company[[2]](#footnote-2) must not have any of the following:
* Any material financial interest in the audited company or any immediate family member working for the audited company
* Any employee or immediate family member currently serving in any capacity at the audited company, including director, officer, employee, agent, partner, associate, trustee, consultant, or similar role
 | *[put down confirmation that that the auditor(s) and audit company comply with the financial interest and employee conflict of interest requirements and any other details the audit company deems pertinent to this question – please also attach any relevant documents e.g. conditions of employment policy, description of processes and procedures in place]* |  |
| 1. Employees in the audit company must not accept any gifts, gratuities, or entertainment from the company intended to audit
 | *[put down confirmation that employees at the audit company do not accept gifts, gratuities, or entertainment and any other details the audit company deems pertinent to this question – please also attach any relevant documents e.g. gift register, gift & entertainment policy and description of processes and procedures in place etc.]* |  |
| 1. Audit company must not audit a company to which it was retained as an advisor or consultant in the past 24 months for any area in scope of an LME audit
 | *[put down confirmation (e.g. example of a policy) that the auditor will not audit a company that they were a primary advisor or consultant to in the past 24 months]* |  |
| 1. Auditor company shall report to LME the names of producers of LME Brands to which the auditor has provided any consulting service in the previous 24 months
 | *[list the names of producers of LME Brands that the auditor has provided services for in the last 24 months]* |  |

Section C: Processes, policies and procedures

Please summarise in the table below how the audit company intends to adhere to each of the criteria below. Supporting documentation may be attached to the application where appropriate.

| Encouraged  | Auditor response | LME comments |
| --- | --- | --- |
| **Capacity** |
| 1. Audit company should have adequate organisational capacities including a robust system of quality control, including minimum requirements for quality control reviews to be followed
 | *[put down examples of methodology documents that demonstrate quality control review process and other procedures around quality control of audits e.g.* *accreditation under a member of the International Accreditation Forum (IAF), APSCA membership or ISO certification for audit practices]* |  |
| **Complaints** |
| 1. Audit company should have the capacity to process appeals and/or handle complaints (including corrective action process to prevent reoccurrence of stakeholder or customer complaint conditions)
 | *[provide documents that demonstrate complaints procedure]* |  |
| 1. Audit company should have a process for receiving, tracking, and processing stakeholder or customer feedback on audit company’s performance
 | *[provide documents that demonstrate customer feedback procedure]* |  |
| **Reporting and reviewing** |
| 1. Audit company should have policies in place to verify objective evidence obtained from the audited company (e.g. be able to verify claims and respond to grievances from stakeholders)
 | *[put down examples of methodology documents that demonstrate information verification and flows]* |  |
| 1. Audit company should have a process to scope and plan an audit, including, managing pre-audit activities, determining proper team make-up (using LME approved lead auditor) and scoping of audit and audit criteria
 | *[put down examples of methodology documents that demonstrate scoping and planning of an audit]* |  |
| 1. Audit company should have detailed procedures explaining how the company will conduct the audit including evaluation of findings and assessment of conformance and identification of non-conformances
 | *[put down examples audit processes including examples of evaluation of the audit]* |  |
| 1. An audit company having completed an audit should have detailed procedures outlining ways the audited company can resolve corrective actions/non-compliance in practical ways
 | *[put down examples of procedures that explain ways to resolve non-compliance]* |  |
| 1. Audit company should have clear and defined communication procedures (e.g. communicating with auditors, the LME and companies being audited)
 | *[put down examples of methodology documents that demonstrate communication flows]* |  |
| 1. Audit company should have clear operational control methodology; particularly making sure operational controls and processes are in place to maintain audit quality, integrity and calibration (please also state if these management systems have been externally certified)
 | *[put down examples of operational control policies and describe how operational control is managed]* |  |
| **Confidentiality** |
| 1. Audit company should have procedures in place to keep relevant information confidential and to comply with any confidentiality agreements
 | *[describe how the audit company manages the requirement of confidentiality, including confidentiality policies]*  |  |
| **Process and methodology for individual auditors** |
| 1. Audit company should have clearly defined auditor competence standards/criteria procedures for conducting competence training for auditors (whether formal, internal and/or on-the-job) and professional skills development of auditors
 | *[put down examples of methodology documents that demonstrate auditor training]* |  |
| 1. Audit company should have a process for removing an auditor (e.g. for audit quality concerns or breach of conflict of interest requirements)
 | *[put down process for disbarring an auditor, including examples of reasons for disbarment]* |  |

Section D: Experience of audit company and auditors

| Encouraged | Audit response | LME comments |
| --- | --- | --- |
| **Evidence of audit company experience** |
| 1. Audit company should provide examples of audits and services offered in the relevant metals sectors related to the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (“OECD Guidance”)*, including 3TG and Gold (additionally any other services in aluminium (and alloys), copper, nickel, lead, zinc and cobalt)
 | *[put down examples of previous audits e.g. audit logs, testimonials, promotional material]* |  |
| 1. Audit company should list all external qualifications relating to auditing activities at a company level
 | *[put down any external qualifications of audit company or auditor e.g. ISO/IEC 17021, ISO 19011, ISO 9001, ISO 14001, SA 8000, OHSAS 18001, ISAE 3000, A1000AS or APSCA membership]* |  |
| 1. Audit company should list if they are accredited under formal accreditation programs
 | *[put down any accreditation of audit company or forum e.g. International Accreditation Forum, the ASI, RJC, ITSCI etc]* |  |
| 1. Audit company should provide evidence that they are aware of the applicable laws and regulations in auditing jurisdictions
 | *[put down any examples of nuances of local law that the auditor has adapted to or is aware of in their previous auditing work e.g. any laws impacting auditing or laws pertinent to audit scope]* |  |
| 1. Audit company should provide evidence that there is an internal process in place that facilitates the company’s understanding of local context, including social, economic, political and cultural considerations
 | *[put down any example of local knowledge process documents/policies and examples of when local knowledge has helped with an audit or has been key to a comprehensive audit]* |  |
| 1. Audit company should demonstrate knowledge and experience in supply chain due diligence principles, procedures and techniques (particularly those related to the OECD Guidance) on a company level
 | *[put down any examples of experience in supply chain due diligence, particularly those that demonstrate knowledge of the OECD Guidance]*  |  |
| **Individual auditors and contactors (contracting of individual auditors is allowed. Contractors must fulfil same criteria as full-time auditors)** |
| 1. Audit company must provide CVs (including auditing qualifications and experience) of all auditors who will conduct audits related to LME compliance (and send in the CVs of new auditors periodically)

This list must explicitly show which auditors are lead auditors and lead auditors must complete separate application form | *[CVs should include all relevant auditing experience and any OECD Guidance experience]* |  |
| 1. Audit company must provide indications that all auditors (that will work on LME audits) have at least two years audit experience within responsible supply chains, governance, environmental, social and/or quality management systems
 | *[put down detailed history of all auditor’s work experience that will conduct LME audits]* |  |

Section E: Further documentation

In addition to the information provided with the sections above, please attach the following:

1. A copy of the company’s latest audited financial statements
2. A copy of all relevant publicly available documents that promote or describe the audit company, including, where applicable, website addresses
3. A copy of all relevant and current accreditations, certifications or memberships held by the audit company
4. A copy of the competency and experience thresholds policy the audit company requires for its auditors
5. A least one letter or email of recommendation from a previous audit client

Section F: Declaration

The audit company named in this application applies to be listed as an LME-registered auditor for the LME responsible sourcing programme and declares that:

* the information in this form and accompanying attachments is accurate and correct;
* the audit company has the necessary resources to undertake an audit;
* the audit company (including its auditors) will, from the date of signing this application:
1. will not act in such a manner as to bring the LME into disrepute;
2. will not overstate its position regarding being an LME-registered audit company; and
3. will take immediate steps to rectify any problems that the LME identifies as being contrary to (i) to (ii) listed above;
* the audit company will inform the LME of any changes to its organisation or staff that may affect its capacity and competence to carry out an audit

Authorised Person:

Position:

Company name:

Signature: Date:

1. However, an auditor or assuror is not the same as an alignment assessor, who would evaluate standards against OECD Guidance [↑](#footnote-ref-1)
2. Please note that if the audit company believes it has mitigations/procedures in place to manage conflict of interest, e.g. information barriers, please provide relevant details in the response [↑](#footnote-ref-2)