

HARBOR Aluminum Benchmark Methodology

US UBC Scrap Price

April 2022

1. Introduction	3
2. Governance of the HARBOR US UBC Scrap Price Benchmark.....	3
3. Objectives of the HARBOR US UBC Scrap Price Benchmark.....	5
4. Normalization and calculation.....	7
5. Calculation	9
6. Index Publication	11
7. Corrections	12
8. Requests for Data Clarifications.....	12
9. Complaints.....	12
10. Review of the methodology.....	12
11. Changes to the methodology.....	13

1. Introduction

HARBOR's benchmarks seek to achieve, and result in, an accurate and reliable representation of the economic realities of the underlying asset. As a result, HARBOR has implemented a price discovery process, detailed within the present methodology, to achieve this objective on a consistent basis.

This document explains the methodology for the calculation and management of HARBOR's US UBC Price. The standard specifications for this price reference are detailed within Section 3 of the present document.

The procedures and standards HARBOR Aluminum complies with during the compilation of the benchmarks are freely available on <https://pricingunit.harboraluminum.com>.

2. Governance of the HARBOR US UBC Scrap Price Benchmark

To ensure that the HARBOR Aluminum benchmarks are constructed, maintained and operated to the highest standards, the administrator of the HARBOR Aluminum Indices, HARBOR Aluminum employs a robust governance framework to manage the indices, approve new indices and approve changes to the methodologies of existing indices.

HARBOR Aluminum Index Oversight Committee

HARBOR Aluminum's Index Oversight Committee (formally "the Index Committee") is responsible for the oversight of all aspects relating to the provision of the indices administered by HARBOR Aluminum. Its members are drawn from HARBOR Aluminum's management and staff. The Committee looks to ensure the Indices continually reflect market change and keeps their methodology under constant review in order to meet changing needs of the aluminum market.

The Index Committee uses sophisticated auditing and oversight mechanisms to ensure the calculation of the indices is undertaken strictly according to the index methodology.

The membership of the Committee, and its terms of reference, are approved by HARBOR Aluminum's Board. In considering the Committee's membership, the Board is required to ensure the Committee has the expertise and skills required to fulfil its role.

HARBOR Aluminum Pricing Committee

Given the heterogeneous nature of the transactional activity, variables embedded in each transaction may vary, to some degree, from the standard benchmark specifications reflected in HARBOR's benchmark specifications. During the data treatment process, each variable deviation is treated through a price adjustment technique applied to align data to the standard definition. This technique is further referred to as "normalization", and implies different adjustment techniques for each transactional variable (i.e. delivery location, product shape, credit terms, data adequacy).

HARBOR Aluminum's Pricing Committee, the oversight governing body in charge of daily calculations and publications of benchmark assessments, is responsible of the relevant calculations and normalization process for the determination and publication of HARBOR's benchmark assessments. Once the market data

has been collected and the proper assessment calculations are made in accordance to the present methodology, the Pricing Committee considers all the existing information and resolves a final benchmark determination based on consensus vote.

Consultation Procedure

HARBOR's price discovery and data collection process is initiated through a consultation applied to a representative sample of UBC buyers and sellers (Rolling Mills, Brokers and Scrap Yards, Tollers, Secondary Slab Producers and Exporters), aiming to confirm transactional activity taking place during the period. As the confirmation of transactional activity is HARBOR's highest priority, players on either side of the market (buyers and sellers) are consulted to confirm the legitimacy of each reported transaction and the validity of the data provided.

HARBOR's communication with the market participants comprises of interactions through phone conversations, email, digital messaging, or face-to-face conversational activity.

HARBOR does not establish minimum data/transactions requirements, as market liquidity, along with other economic factors, could lead to a lack of reliable and representative values. To tackle data sufficiency requirements, and to align with industry standards, HARBOR instead uses minimum transactional volumes for each published benchmark (specific information regarding this benchmark can be found in section 3 below), which results in a higher reliability and representativeness even in a context of low liquidity.

Ongoing Review of Submitters

All price submitters to and contacting HARBOR aluminum and its subsidiaries are subject to HARBOR's Submitter Code of Conduct. The introduction of this Code of Conduct (the "Code") is designed to address Submitter's compliance with the Principles for Financial Benchmarks published by the Board of the International Organization of Securities Commissions (the "IOSCO Principles") in connection with submissions to the Administrator.

HARBOR follows closely the historical validity of Submitters' data. Transactional data can be expected to be discarded by HARBOR in cases where data is provided by a Submitter whose quality of information has been deemed insufficient and/or inconsistent by HARBOR's Pricing Committee on multiple instances, unless further confirmation and validation of data is obtained.

General

HARBOR Aluminum attaches great importance to confidentiality, and all employees must strictly abide by confidentiality rules, and never disclose any index compilation-related information, whether regarding index values, data or customers, unless required to by law. HARBOR Aluminum strictly prohibits team employees from participating in transactions, offers, or bids as individuals or on behalf of market participants. They are also not permitted to provide market participants with free subscriptions or any other benefits in exchange for price or market information. A specific conflict of interest declaration is required annually by team employees per HARBOR's Conflict of Interest Policy, in which they declare to have not benefited from non-public information, have not participated in market manipulations for personal gains, or are subject of any other form of conflict of interest given their corporate activities or outside personal interests.

HARBOR Aluminum attaches great importance to the training of index team members to ensure they have

the skills, knowledge and experience necessary to perform their specific responsibilities. HARBOR Aluminum provides index team employees with various ad-hoc and regular training, and strictly standardizes the training content for employees, from probation to confirmation, to ensure they understand and adhere to internal procedures and methodologies.

3. Objectives of the HARBOR US UBC Scrap Price Benchmark

HARBOR US UBC Scrap Price

HARBOR's US UBC Scrap Price Benchmark is a reference for the daily price paid for Used aluminum Beverage Cans (post-consumer). US UBC shall consist of clean, used aluminum beverage cans only. Must be free of steel, lead, foil, glass, organic material or any other contamination. Delivered material should be baled, briquetted, or densified. Tolerance limit is of 4% of total contaminants. Contaminants include: Moisture, Iron and steel, Free lead, Plastic (all kinds), Glass dirt, sand or other fines, Concrete paper and cardboard, Insulation, Bottle caps, Wood castings, Trash grease, Oil and flammable materials, Gravel, and other Free heavy metals (Zn, Cu, Brass, etc.). Delivery in the US Midwest Area, measured in USD per metric tonne (with two decimals). Delivery time within 30 days. Minimum quantity of one full truck load (at least 20 MTON). The range assessment reflects the most widely tradable and repeatable premium prevailing at the close of US business, after 3:00pm US Central time.

Methods of Sample Collection and Collection Periods

HARBOR Aluminum accepts information provided for publication in real-time across a wide variety of media. Methods of sample collection include, but are not limited to:

1. Telephone
2. Email
3. Other instant-communication tools
4. Face-to-face conversational activity.

Submission Sources

HARBOR Aluminum collects transactional prices submitted by UBC buyers and sellers (Rolling Mills, Brokers and Scrap Yards, Tollers, Secondary Slab Producers and Exporters, all of the above with transactional activity in the US aluminum market.

Submission Types

1. Confirmed transactions
2. Submission of purchasing price lists from market participants, which represent transactional prices for that specific day.

Submission Detail

HARBOR Aluminum strictly controls the submission collection process to compile the HARBOR US UBC Scrap Price Benchmark, and only considers the two submissions types mentioned above. HARBOR Aluminum not only collects the submitted trade price, but also on any significant additional information, such as delivery location, volume size, credit terms, identity of parties, and Incoterm, among others. If necessary, HARBOR Aluminum can require the submitter to provide relevant documents (e.g. specified contracts) to judge the fulfillment of the transaction (contracts) and to verify the validity of data.

HARBOR's benchmark assessments are solely backed up by transactional activity and submitted price lists over an identified trading period.

HARBOR's efforts are focused on obtaining full disclosure of relevant and genuine transactional details from consulted market players to ensure the fulfillment of needed requirements for each benchmark specification.

Verification

HARBOR Aluminum confirms and analyzes submissions as deeply as possible, and encourages all market participants to become submitters to the HARBOR Aluminum Benchmarks, as more extensive data will increase the accuracy of the indices.

HARBOR Aluminum aims to collect comprehensive information related to Aluminum scrap price, including but not limited to, trading activity, final prices, involved parties, origin, delivery point, volumes, and delivery time. HARBOR's Pricing and Risk Management Unit is trained to judge the authenticity of submissions when received.

All data submitted to HARBOR is verified and carefully analyzed by the Pricing Committee. All transactional variables are expected to be fully disclosed by submitters. Analysis on data sufficiency and adequacy includes: a) the history and reputational credibility of the source; b) the integrity of the provided transaction; c) conflict of interest between transacting parties; d) price repeatability; e) type of transaction (spot, contractual or part of term agreement); f) special transactional discounts (transactions taking place as a result of a fire sale or special condition discount; g) consistency of reported details of the transaction by buying and selling parties; h) offsetting nature (transaction potentially linked to an offsetting transaction); i) distressed factors (including credit issues, scheduling difficulties, or others).

All the submissions are obtained from the market and are recorded safely and in detail to ensure high quality and reliability.

Submissions received that do not fully adhere to HARBOR Aluminum's defined requirements may not be incorporated into the index calculation.

Recordkeeping

In alignment with best business practices, HARBOR Aluminum is governed by a strict Record Keeping Policy aimed at establishing guidelines on retention of records related to the administration of Benchmarks. Robust record keeping arrangements, of which this Policy is a guiding document, are critical to ensure HARBOR

maintains an accessible audit trail for its activities and operations, which is available to regulatory and supervisory agencies and other relevant stakeholders, as appropriate.

As a result, HARBOR Aluminum maintains records of at least five years of all communications with submitters, whichever collection channel is used: telephone, email or internet-based instant-communication tools, in order that all submissions used in the indices can be traced back to an original record of the received submission.

Record of submissions are retained by HARBOR Aluminum per Company's Record Keeping Policy, maintaining confidentiality of data, and to prevent the improper usage of the data by parties not involved in the index calculation process

4. Normalization and calculation

All submissions collected on the calculation day through 3:00 PM US Central Time are included in the normalization and calculation process.

Sample Screening

HARBOR's benchmarks aim to be a representative value range for transactions taking place in the market inside a defined period of time that is specific to each product price/premium. Each timeframe is designed considering: a) the number of transactions (liquidity) taking place in the market during the specific period, b) the periodicity in which market participants require updated data, and c) the number of reasonable data points expected to collect by HARBOR Aluminum's Pricing Unit over the set timeframe. Moreover, each benchmark specifics, as currency, volumes, locations, chemistry, credit terms, and others, are a result of market-wide agreed conventions.

To be considered and eligible as a representative data point by HARBOR, data gathered directly from market sources must be identified as transactional activity and concluded business, while also meeting the required specifications for each benchmark detailed on HARBOR Aluminum's Benchmark Specifications (i.e., volume, delivery period, etc.). Confirmed physical transactions are used to ultimately set a benchmark reference.

The HARBOR Aluminum Pricing and Risk Management Unit undertakes a preliminary screening of all collected submissions. In addition to checking the basic information of each submission, such as volumes, delivery date, delivery point, price, credit terms, among others, HARBOR Aluminum also confirms details with at least one party to the reported transaction, to ensure the sample's authenticity.

Confirmed transactional activity and concluded business are the only inputs considered within HARBOR's hierarchy of data inputs, forecasts, bids/offers, are not taken into consideration when arriving at the final benchmark price. Moreover, verifiable transactions take preference, while unverified transactions are set aside (not discarded) and taken into consideration until more information is gathered, shared, or another transaction is reported within the same range, making the previously unverified transaction repeatable under present market conditions.

When the Pricing Committee determines that the authenticity of the data may be in doubt according to the

verification process detailed above, players on either side of the market (buyers and sellers) are consulted in order to confirm the legitimacy of each reported transaction and the validity of the data provided.

Minimum Data Requirements

HARBOR does not establish minimum data/transactions requirements, as market liquidity, along with other economic factors, could lead to a lack of reliable and representative values. To tackle data sufficiency requirements, and to align with industry standards, HARBOR instead uses minimum transactional volumes for each published benchmark (detailed for this benchmark on section 3 above), which results in a higher reliability and representativeness even in a context of low liquidity. The continuation or changes to the above data sufficiency statement are scheduled to be assessed periodically by HARBOR's Index Committee (at least once a year), to better serve markets under low liquidity conditions.

All referenced specifications aim to cover the most tradeable characteristics of each product and international industry conventions, such as delivery location, volume size, credit terms, identity of parties, and Incoterm, among others.

Equally Weighted Transactions.

Transactions are equally weighted for assessment purposes without discriminating by volume variations. However, volume variations are fully captured within the assessed premium range.

Sample Normalization

HARBOR Aluminum normalizes the collected spot trade data via an internal model, including:

Delivery Location. Individual transaction specifications may require the delivery of metal to a different location from the one covered by HARBOR's UBC specification. In order to make a comparable conversion to a prevailing market standard location covered by HARBOR, the Assessment Committee calculates current prevailing market freight spot rates (ocean, truck, rail and barge) for moving the metal units from the loading location to the buyer's final destination and the differential is then added or deducted from the original quote to obtain the comparable premium for each specific transaction.

Current prevailing spot freight rates are provided by external well-renowned freight rate estimation firms that have proven sufficient experience in logistics and freight markets to be eligible for the benchmark calculation.

HARBOR Aluminum selection criteria for external freight rates providers to be appointed take into account: a) independence, b) actual or potential conflicts of interest, c) competency and experience in freight markets, and d) availability and ease of access of data on request.

The external provider of spot freight rates is approved and appointed by HARBOR's Index Committee, who also assess the continuation or appoint a new provider on an annual basis, depending on a performance evaluation of the points mentioned above.

Credit Terms. Credit terms considered as standard industry convention are equivalent to net 30 calendar days. Payment terms other than net-30-days are normalized by adding/deducting the financial cost of holding the metal during the differential term using current international interest rate benchmarks.

Data Adequacy. All data submitted to HARBOR is verified and carefully analyzed by the Price Assessment Committee. All transactional variables are expected to be fully disclosed by submitters. Analysis on data sufficiency and adequacy includes: a) the history and reputational credibility of the source; b) the integrity of the provided transaction; c) conflict of interest between transacting parties; d) prices not deviating from current market averages or not deemed repeatable at current market conditions; e) transactions not being part of a contractual or term agreement; f) transactions taking place as a result of a fire sale or special condition discount; g) transactions that are reported with different details by each counterparty; h) transaction potentially linked to an offsetting transaction; i) distress factors including credit issues, scheduling difficulties, or others. Data showing negative results to the previously mentioned analysis are expected to be put under further examination and potentially discarded or not taken into consideration. Data from excluded submitters (per HARBOR's Submitter Inclusion/Exclusion Policy) is expected to be excluded unless a verification is received from the transaction counterparty submitter.

Exercise of Expert Judgement. The use of expert judgment is always under the most rigorous scrutiny, and any modifications are always replicable, factual, and aligning with industry-wide accepted parameters. The calculation of a HARBOR Aluminum Benchmark includes a validation process whereby HARBOR's Pricing Committee review data adequacy according to the Data Adequacy section. HARBOR's Pricing Committee reserves the right of using expert judgement to include or reject certain data from the calculation of the Benchmark depending validation of the data adequacy statement.

Additionally, expert judgement within the calculation and normalization processes includes *Exclusion of inputs (repeatability)*: In the event transactional activity results in prices significantly deviating (+-5 cents/lb) from current prevailing market ranges heard by HARBOR's associates in daily conversations with market participants, transactional data could be set aside (determined by HARBOR Price Assessment Committee's expert judgement) and not considered for benchmark adjustments. However, transactions that have been set aside are not completely discarded, as new transactional data within the same level will indicate that the former values are indeed repeatable and therefore taken into consideration for benchmark purposes.

The Benchmark is then determined based on the normalized data. Once all the samples are confirmed valid, they are passed on for index calculation.

5. Calculation

HARBOR Aluminum aims at providing the market with a typical price which accurately tracks daily price changes. Therefore, where sufficient submissions are available and after the normalization process, all transactional prices are included to arrive into a prevailing range representative of the transactional spot activity of the day. The benchmark will then be set by the numerical simple average of the low end and high

end of this prevailing range. This range will prevail even in low liquidity conditions (null spot transactional activity) and the benchmark will remain unchanged until new verifiable transactional activity takes place.

Prior to publication, the Benchmark calculation must be reviewed and approved the Pricing Committee. In the review process, the Committee must ensure the price methodology and the internal calculation model are correctly applied in the full Benchmark calculation process to ensure the accuracy and integrity of each Benchmark determination.

Criteria to discard pricing data

HARBOR reserves the right to exclude transactional data in the following cases: a) if pricing of transactional activity is not deemed repeatable by a majority of members in the Pricing Committee as a result of fire sales, urgent prompt purchases, intentionally low published prices on pricelist aiming at not attracting units or another specific transactional anomaly; b) if transactional activity does not comply with HARBOR's minimum volume requirements detailed in HARBOR's Benchmark Specifications; or c) if incomplete information is received during the pricing discovery process as defined in the following "*Minimum Data Quality Requirements*" section.

Minimum Data Quality Requirements. Transactional activity data can be expected to be discarded by HARBOR in cases where incomplete or insufficient pricing data is received in the pricing discovery process (i.e., absence of identity of parties, exact quote, delivery location, delivery timing, credit terms, product shape, and/or chemistry). Moreover, data derived from a market player whose quality of historical information is deemed insufficient and/or inconsistent by HARBOR's Assessment Committee is also expected to be discarded unless further confirmation and validation of data is obtained.

Timing of Delivery. Aluminum orders for delivery within one to seven days (prompt deals) are not considered spot given that the urgent nature of the purchase may imply non-standard upcharges on top of the underlying spot premium. Moreover, orders for delivery in more than 30 days are also not considered in HARBOR's spot premiums assessments as they do not correspond to the spot transactional period. Spot deals are those considered with delivery within 7 to 30 days.

The filtered set of data will be used to determine the final Benchmark. HARBOR Aluminum will investigate abnormal data to check for price manipulation.

In the scenario where insufficient data is submitted for a significantly long period, for any reason, the benchmark will be maintained according to "Section 5. Calculation" in the present document, and the HARBOR Pricing Committee reserves the right to follow expert judgement guidelines detailed within the present methodology to maintain representativeness of the benchmark. However, this situation could be indicative of the benchmark no longer being representative of the interest the underlying market it intends to measure. In which case, HARBOR Aluminum's Pricing Unit will make public an external consultation to address the potential changes to the methodology or cessation of the benchmark with the general public, in accordance to HARBOR's Methodology Changes, Benchmark Transition, and Cessation Policies.

Calculation during times of market stress, disruption or low market liquidity

HARBOR Aluminum retains the right to use Expert Judgement where insufficient submissions have been received, including referring to other market information such as supply and demand fundamentals, and other factors that affect the commodity price.

Per HARBOR's Management of Illiquid Benchmarks Policy, HARBOR's Index Committee will periodically and as merited initiate reviews of market coverage based on a qualitative analysis that includes measurements of liquidity, visibility of market data, consistency of market data, quality of market data and industry usage of the assessments (Benchmark Review Policy). As a result of these reviews, the Index Committee will vote to consider a Benchmark as illiquid (majority vote needed).

Under extreme circumstances of illiquidity (after a Benchmark has been defined as illiquid per HARBOR Aluminum's Index Committee), the Index Committee will analyze and vote (majority vote required) to apply the following treatments:

- a) Implementing changes to the Benchmark Minimum Data Requirements. Example: lower the minimum volume requirement from a transaction.
- b) Creation of a new Benchmark (Transition). Example: transition to a new benchmark that considers transactions starting from 10 mtons.
- c) Cessation of the Benchmark.

Before applying any changes, the Index Committee will follow steps provided by HARBOR's Benchmark Transition or Cessation Policy.

Pricing Committee

HARBOR's benchmark assessments are determined and reviewed through a committee process. Once the market data has been collected, a member of a Pricing Committee has fulfilled the proper normalization and calculation processes in accordance to HARBOR's methodology, the Price Assessment Committee considers all the existing relevant quantitative and qualitative data, as defined in the present methodology, to conclude the analysis and obtain a final assessment reached by consensus. The minimum committee size for premium assessment decisions is one analyst and two Senior Consultants.

6. Index Publication

Publication timetable

HARBOR's official benchmark assessments are published daily through HARBOR's Daily Aluminum Commentary report, distributed before the end of the business day. Indications of apparent movements may be published by HARBOR through any of its publication outlets during the day; however, as additional information may be gathered before end-of-business, official daily data is specifically published in HARBOR's Daily Aluminum Commentary report and HARBOR's Mobile App (IOS and Android).

Please see HARBOR's Daily Aluminum Commentary report and our Mobile App to find daily official assessments.

The publication time may also be affected by various emergencies and by force majeure, such as blackouts, natural disasters and terrorist activities. If this happens, HARBOR Aluminum will make every effort to issue an announcement at the earliest opportunity.

7. Corrections

If an error is identified, whether caused by an incorrect submission or a calculation error, HARBOR Aluminum will promptly issue a public notice to modify the erroneous Benchmark value. Restatements and corrections due to errors related to the Benchmark Level Calculation, Errors with Respect to Data Adequacy, and Errors Related to a Misapplication of the Methodology, are generally only made if such errors have been discovered within two Benchmark Publication Days after occurrence of the event that caused the error, per HARBOR's Error Correction Policy. Corrections will be approved by the Index Committee (by nature of majority vote) if they are of a material nature and would not serve to disrupt the orderly function of the markets.

8. Requests for Data Clarifications

HARBOR Aluminum aims at all times to provide the highest quality service to its customers. Customers may ask questions about HARBOR Aluminum's sample collection methods, calculation methods and more.

If customers require additional information, such as a detailed description of certain data, of calculation methods, please contact us via email at compliance@askharbor.com.

9. Complaints

Customers or stakeholders wishing to complain about some aspect of HARBOR Aluminum's provision of the HARBOR Aluminum Indices may do so. Full details of how HARBOR Aluminum handles complaints can be found in HARBOR Aluminum's Complaints Policy. Both this and a Disclosure to Complainants are available by emailing complaints@askharbor.com.

10. Review of the methodology

HARBOR Aluminum will carry out a review of the Methodology on at least an annual basis. Additional reviews may be conducted at HARBOR Aluminum's discretion. Reviews will include an analysis of the underlying market that the Benchmark seeks to represent, the performance and appropriateness of the current Contributors, and analysis of other potential Contributors as applicable. The aim of the review will be to ensure that the Benchmark is still representative of the underlying market, that the input data sufficiently represent the underlying market, that the Contributors are the optimum grouping to provide Contributions to represent

the underlying interest, and that the current Contributors have been contributing in an accurate and timely manner. The Inde Committee will provide input into the review.

11.Changes to the methodology

Changes to the Methodology shall be made in accordance with the HARBOR Aluminum's Methodology changes policy and procedure. The combined HARBOR Aluminum Methodology changes policy and procedure is available via email at compliance@askharbor.com.

12. Appendix A: Key Terms

Brokers: an individual or firm that earns a fee for executing buy and sell operations in the scrap market.

End-user: A company typically located downstream in the metals value chain that manufactures goods. Typically purchases its raw materials from a producer, trader, service center or stockholder.

Expert Judgement: In the context of price assessment, expert judgement refers to the choices made, and the thoughts, rationale and assumptions behind those in the process of a price assessor determining a price.

Exporters: a person, or company that sends scrap to another country for sale.

Final benchmark/Final Assessment: The price HARBOR Aluminum publishes as benchmark and makes available to its customers.

UBC: old and used post-consumer aluminum beverage cans.

Industry participant: A buyer or seller of a commodity in the market.

IOSCO: The International Organization of Securities Commissions is an association of organizations that regulate the world's securities and futures markets.

Physical market: Market for tangible, physical goods to be sold and bought.

Producers: Manufacturer of a product.

Rolling Mills: a factory for rolling steel or other metal into sheets.

Scrap Yards: companies that collect scrap and then sell it for profit.

Secondary Slab Producers: Manufacturers of aluminum slabs produced mainly from remelted scrap items.

Service Center: A company that performs certain value-added services to metal products, for instance slitting or forming, but not to the extent they form a finished good.

Spot price: The current price of a physical commodity bought or sold in a spot transaction.

Spot transaction: A non-recurring agreement between a buyer and a seller for the purchase of a commodity for delivery within 7 to 30 days.

Submissions: Price information that can be sent to HARBOR Aluminum for the purposes of price assessment.