



Statement of Harbor Aluminum’s Compliance with the IOSCO “Principles for Financial Benchmarks”

December 2023

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Introduction

HARBOR Aluminum (hereafter “HARBOR” or “the Firm”) acts as administrator for the purpose of developing, calculating and disseminating the HARBOR Aluminum benchmarks (“the benchmarks” or “HARBOR Aluminum benchmarks”).

HARBOR Aluminium considers these benchmarks as defined in the Final Report on “Principles for Financial Benchmarks” (the “Principles”), as published by the International Organization of Securities Commissions (“IOSCO”) on 17 July 2013, and therefore HARBOR Aluminium is a benchmark administrator.

Benchmarks

HARBOR administers the following benchmarks:

1. US MW P1020 Ingot Duty-Paid Consumer-Supplier Spot Transaction Premium

HARBOR’s US Midwest Premium is a reference for the daily duty-paid premium paid over the London Metal Exchange cash price for spot physical 99.7% high-grade aluminum, delivered at US consumer plant in the Midwest area (Owensboro, KY hub), on transactions between consumers and suppliers for volumes of 100 mton or higher, arrival within 7-30 days, net-30-day credit terms and standard credit risk. Includes business for LME-deliverable units (ingot, low-profile sow or T-bars), any origin 99.7% aluminum or better sold as P1020, basis delivery US Midwest via truck or rail.

The premium reflects physical spot transactions where reported buyers and sellers are both considered not to have a conflict of interest (i.e., downstream company not affiliated to an upstream company and/or without relevant third-party sales of primary or secondary metal), using a representative sample of end-users (sheet mills, extruders, rolling mills, etc.), producers and traders. The range assessment reflects the most widely tradable and repeatable premium prevailing at the close of US business, after 3:00pm US Central time.

2. HARBOR Aluminum US Used Beverage Cans (UBC) 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.

Delivery in the US Midwest Area, measured in USD per metric tonne (with two decimals). Delivery time is 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.

3. US 6063 Billet Delivered Spot Transaction Upcharge

HARBOR Aluminum US 6063 Billet Delivered Spot Transaction Upcharge is a reference for the Daily upcharge paid over the full MW P1020 price (MW P1020 premium plus London Metal Exchange cash price for spot physical 99.7% high-grade aluminum) for spot alloy 6063 billet logs of 7-9-inch diameter, delivered nation-wide across the US, on transactions for volumes of 100 mton or higher, arrival within 7-30 days, net-30-day credit terms and standard credit risk, any origin. This assessment has been designed to meet the requirements of the global financial, as well as the physical markets.

Review

HARBOR has enlisted the services of Bovill Limited, a distinguished regulatory compliance consultancy, to conduct a comprehensive review of its adherence to the Principles. The resulting compliance statement has been diligently prepared and officially approved by Bovill Limited.

Summary of Findings

- HARBOR consistently upholds rigorous standards by uniformly applying its policies and procedures to all of its published indices. This commitment extends to any future indices the company introduces.
- The policies and procedures governing HARBOR's indices align with IOSCO's recommended practices, ensuring a robust framework for establishing, operating, and overseeing financial benchmarks.
- Contained within a comprehensive control and oversight framework, HARBOR's commitment to quality and integrity in the determination process is evident. This framework identifies and addresses potential conflicts of interest, ensuring each index accurately reflects its intended interest, and establishes clear procedures for navigating methodology changes or index cessations.
- HARBOR's dedication to continuous improvement is underscored by its intention to implement additional enhancements, including relevant training initiatives. This commitment aligns seamlessly with the guidance provided in HARBOR's Staff Training policy.
- Following a comprehensive assessment, Bovill affirm that HARBOR is fully compliant with the Principles, providing assurance of its commitment to excellence in benchmark administration.

IOSCO PRINCIPLES REGARDING GOVERNANCE

Principle 1 - Overall responsibility of the Administrator

The Administrator should retain primary responsibility for all aspects of the Benchmark determination process.

Rating:	Fully implemented
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HARBOR oversees the comprehensive development, calculation, publication, maintenance, and licensing of its indices. The Index Oversight Committee, appointed by HARBOR Aluminum's Board, ensures all aspects of the Benchmarks are managed in line with Principles 1 and 5. This committee conducts periodic reviews, approves policies, and commissions reports from Internal Audit, with the option for external audits if needed.

The Terms of Reference detail the oversight committee's composition, decision-making framework, meeting frequency, and reporting structure to HARBOR's Board. The Pricing Committee, responsible for day-to-day management of HARBOR Aluminum Benchmarks, operates under the guidance of the Index Oversight Committee, ensuring adherence to the IOSCO principles and agreed upon methodologies.

The Pricing Committee's responsibilities encompass overseeing operational activities, applying methodologies, conducting calculations, collection and normalization of data, and ensuring timely benchmark publication. Membership procedures of the Pricing Committee are subject to approval by the Index Oversight Committee, and the Chairman, appointed for a three-year term, leads the committee.

The Chairman of the Pricing Committee facilitates operations and communication on a day to day basis , with meetings held as needed, maintaining confidentiality and record-keeping procedures. Reporting to the Index Oversight Committee, the Chairman manages conflicts of interest related to benchmark calculations and emphasises confidentiality in determinations outside the Pricing committee until calculations are finalised, ensuring records are kept for at least five years.

Principle 2 - Oversight of third parties

Where activities relating to the Benchmark determination process are undertaken by third parties - for example collection of inputs, publication or where a third party acts as Calculation Agent - the Administrator should maintain appropriate oversight of such third parties.

Rating	Fully implemented
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HARBOR continues to employ an index determination process that does not involve third-party service providers, either for input data collection or calculation purposes. Consequently, Principle 2 is not applicable to HARBOR in its operations.

Principle 3 - Conflict of interest for Administrators

To protect the integrity and independence of Benchmark determinations, Administrators should document, implement and enforce policies and procedures for the identification, disclosure, management, mitigation or avoidance of conflicts of interest. Administrators should review and update their policies and procedures as appropriate.

Rating	Fully implemented
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HARBOR has established a comprehensive framework designed to identify, record, manage, mitigate, and disclose both current and potential conflicts of interest. This commitment is underscored by a tailored conflicts of interest policy overseen by HARBOR's Chief Compliance Officer, which is subject to an annual review. The framework encompasses various facets, documented in policies such as:

- the Index Oversight Committee Terms of Reference;
- Staff Training Policy;
- Conflicts of Interest Policy;
- Staff Remuneration Policy;
- and the Conflicts of Interest Register.

The Conflicts of Interest Policy covers notable circumstances where conflicts of interest may pose a material risk to HARBOR or its clients. Such situations include instances where HARBOR or affiliated parties stand to benefit financially, either personally or on an inter-company basis, from transactions related to index products. Additionally, conflicts may arise when motivations or incentives lead to prioritising the interests of other entities or clients in different business areas over those of HARBOR and its clients. The framework also addresses conflicts arising from transactions in non-HARBOR-related commercial relationships related to the listing of index products.

HARBOR Aluminum undertake annual performance reviews for all staff, aligning compensation with individual contributions. Executive remuneration, inclusive of performance bonuses, is determined by the Board and undergoes an annual review. Non-management employees' pay, consisting of fixed and variable components, is market-driven. Benchmark committee members receive independent remuneration as part of this comprehensive approach.

HARBOR maintains zero-tolerance appetite against corruption and bribery, and violations result in disciplinary actions. Furthermore, HARBOR Aluminum's Training Policy outlines a robust learning and development plan for permanent staff, featuring various training delivery methods to support ongoing learning and individualised programs. Corporate Training Programs, facilitated by Compliance and the Index Oversight Committee, cover essential topics, including governance, compliance, and market operations, especially for benchmark administration personnel, including new hires. Periodic reviews, including a six-month probation for new hires, has been established to address any potential deficiencies. Succession planning, managed by the Compliance team, involves training at least two staff members concurrently to perform price discovery and price settlement functions at any one time and for any one price. The policy is periodically reviewed to ensure the effectiveness and appropriateness of the training.

Principle 4 - Control Framework for Administrators

An Administrator should implement an appropriate control framework for the process of determining and distributing the Benchmark.

Rating	Fully implemented
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In line with Principle 4 HARBOR's Control Framework is designed to instill the highest ethical business standards within the organisation. The framework ensures that staff members are not only well-trained and supervised but also that systems and procedures are in place to promote compliance at both individual and company levels. The framework encompasses a range of crucial policies, outlining HARBOR's administrative and risk management requirements for staff, defining the roles and responsibilities of the Index Oversight Committee and the Board, emphasising the importance of training and competence, specifying guidelines for the use of expert judgment, establishing protocols for the receipt and management of complaints, processes for whistleblowing, detailing methods for identifying and managing conflicts of interest, and providing procedures for cessation and transitional arrangements.

The control framework is supported by a comprehensive set of supplementary policies as part of HARBOR's commitment to maintaining the highest standards in benchmark administration. The framework's effectiveness is further underscored by the annual attestation of Senior Managers on the Benchmarks teams, ensuring ongoing compliance with relevant benchmark policies and procedures.

Stakeholders and interested parties can refer to the following key documents for in-depth insights. These documents are all available upon requests via email to compliance@askharbor.com;

- Conflict of interest policy and register
- Individual benchmark methodologies
- Individual benchmark design statement
- Error correction policy
- Benchmark review policy
- Expert judgement guidelines
- Managing methodology changes
- Transparency of benchmark determinations
- Management of illiquid benchmarks
- Transition and cessation policy
- Remuneration policy
- Whistle blowing policy
- Staff training policy
- Index Oversight Committee terms of reference
- Complaints procedure policy
- Submitter code of conduct
- Submitter's inclusion-exclusion policy
- Business continuity and disaster recovery procedures

Principle 5 - Internal oversight

Administrators should establish an oversight function to review and provide challenge on all aspects of the Benchmark determination process.

Rating	Fully implemented
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HARBOR Aluminum's governance framework ensures compliance with IOSCO's Principle 5 through the oversight of its Index Oversight Committee. The Index Oversight Committee conducts regular reviews of index calculation and construction, overseeing Benchmark inputs and team operations. It approves policies, including the Submitter Code of Conduct, and commissions internal and, if necessary, external audits. This committee, comprised of members from HARBOR's management, staff, and independent experts, plays a pivotal role in guiding the operational team and reporting directly to the Board.

Simultaneously, the Pricing Committee, reporting to the Index Oversight Committee, assumes a vital role in the day-to-day management of HARBOR Aluminum Benchmarks. This committee ensures the execution of data collection, index calculation, and normalization processes, aligning closely with IOSCO Principles. The Chairman, appointed by the Index Oversight Committee, leads the Pricing Committee with a focus on facilitating effective operations, maintaining communication with relevant stakeholders, and ensuring compliance with established procedures.

Crucially, both committees operate within a structured and transparent framework, adhering to IOSCO Principles and contributing significantly to the overall governance and compliance of HARBOR Aluminum's benchmark provision.

In addition to both committees, HARBOR maintains a set of policies and documents, including the Submitters Code of Conduct, Benchmark Design Statement, and procedural guidelines for methodological changes, complaints, and record retention. These documents collectively contribute to the transparency and integrity of HARBOR's benchmark administration.

Principle 6 - Benchmark design

The design of the Benchmark should seek to achieve, and result in an accurate and reliable representation of the economic realities of the Interest it seeks to measure, and eliminate factors that might result in a distortion of the price, rate, index or value of the Benchmark.

The Benchmark's design is crucial in capturing and authentically representing the economic realities of the intended Interest, while actively minimising factors that might distort the Benchmark's price, rate, index, or value. Harbor's Benchmark design carefully considers various generic and non-exclusive features, with additional factors tailored to the specific Interest:

- a. Adequacy of the sample: HARBOR emphasises flexibility due to potential market illiquidity and ensures a representative sample by limiting the spot market assessment to trades.
- b. Size and liquidity of the relevant market: The assessment prioritises observable and transparent pricing through sufficient trading, considering the size and liquidity of the market.
- c. Relative size of the underlying market: Influenced by the majority of volumes traded through long-term contracts, the benchmark reflects the reference volume in the underlying market.
- d. Distribution of trading among participants: Contributors include a diverse range of participants, mitigating market concentration and ensuring representation from end-users, producers, commodity firms, and banks.
- e. Market dynamics: HARBOR's daily price discovery involves multiple sources across the Aluminum supply chain, capturing changes in market dynamics and the underlying assets.

To adhere to Principle 6 HARBOR has established independent Index Methodology documents and design statements for each benchmark cited within the Benchmarks section of this statement. These documents collectively articulate how each index is crafted to ensure an accurate and reliable representation of the relevant market.

HARBOR Aluminum US MW P1020 Consumer-Supplier Spot Transaction Premium

Rating	Fully Implemented
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HARBOR's US MW P1020 Ingot Duty-Paid Consumer-Supplier Spot Transaction Premium provides a daily assessment range for spot physical 99.7% high-grade Aluminum. Evaluated on a delivered at US consumer plant basis in the Midwest area (Owensboro, KY hub), duty paid, with a minimum transaction volume of 100 metric tonnes, this assessment caters to both financial and physical market needs. It was designed to serve as a settlement price for global exchanges, including the London Metal Exchange (LME) and the Chicago Mercantile Exchange (CME), however this is yet to materialise.

This premium acts as a crucial reference for North America (Mexico and Canada) and is integral to contracts for Aluminum products like billet and primary foundry alloy. Contributors, comprising end-users (sheet mills, extruders, rolling mills), producers, commodity firms, and to a lesser extent, banks and other investment firms, ensure a diverse representation in the benchmarking process.

The majority of physical volumes for the US MW P1020 Premium are traded through long-term contracts, with 30% on the spot market and 70% on a long-term contractual basis. The annual market size is estimated at approximately 2 million tonnes in the US, indexed against the monthly average of public premium benchmarks assessments.

Any submitter's transaction contributes to the benchmark assessment, ensuring inclusivity. Multiple transactions within a day are considered, and pricing data submitted within three working days enhances liquidity and spot market trend capture.

HARBOR Aluminum US Used Beverage Cans (UBC) Price

Rating	Fully Implemented
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The US Used Beverage Can (UBC) benchmark by HARBOR comprises exclusively clean, used Aluminum beverage cans, devoid of steel, lead, foil, glass, or any contaminants. Delivered material should be baled, briquetted, or densified, with a 4% tolerance limit for total contaminants. Contaminants encompass moisture, iron and steel, free lead, plastic, glass, organic materials, concrete, paper, cardboard, insulation, bottle caps, wood castings, trash, grease, oil, flammable materials, gravel, and other heavy metals (Zn, Cu, Brass, etc.). The unit is USD per metric tonne (with two decimals), delivery within 30 days, and a minimum quantity of one full truck load (at least 20 mton). This assessment caters to both financial and physical market needs, with the intention to serve as a settlement price for global exchanges, including the London Metal Exchange (LME) and the Chicago Mercantile Exchange (CME).

HARBOR's US UBC Price benchmark reflects the spot level in the US while serving as a reference price for North America (Mexico and Canada). Contributors include sellers and consumers, with a majority comprised of consumers, large brokers, large scrap dealers (around 85% of the market), exporters (around 10%), and small scrap dealers (around 5%).

The UBC domestic US market has an annual size close to 1.2 million mton, with transactions among the supply chain boosting the number to as high as 5 million mton. HARBOR does not set a minimum number of price points, acknowledging the potential market illiquidity. The spot market value assessment is limited to trades and published price lists.

Contributors to HARBOR include sellers and consumers, rolling mills, brokers and scrap yards, tollers, secondary slab producers, and exporters, ensuring a diverse representation across the market.

HARBOR's price discovery involves daily communications with various sources across the UBC supply chain, eliminating key submitter dependency. The assessment includes any Submitter's transaction meeting Minimum Data Requirements and Methodology, ensuring an inclusive benchmark. HARBOR also considers a three-day window for pricing data and reserves the right to use data submitted up to three working days prior to increase liquidity and capture market trends.

HARBOR Aluminum US 6063 Billet Upcharge

Rating	Fully Implemented
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HARBOR Aluminum's US 6063 Billet Delivered Spot Transaction Upcharge benchmark serves as a vital reference for the daily upcharge paid over the full MW P1020 price for spot alloy 6063 billet logs in the US market. This benchmark, designed to meet both global financial and physical market requirements, reflects the tradeable spot level in the US and acts as a reference price for North America, encompassing Mexico and Canada.

The estimated market size for this benchmark is approximately 3.5 million tonnes, with 10% traded on the spot market and 90% on a long-term contractual basis. HARBOR Aluminum employs a comprehensive approach to price discovery, engaging in daily communications with industry collaborators and contributors throughout the entire billet supply chain. This inclusive methodology, which doesn't require a minimum number of price points, considers transactional data within a three-day window to enhance liquidity.

Contributors to this benchmark include end-users, producers, and traders within the US billet supply chain. Oversight is provided by the Pricing Committee to ensure the benchmark accurately reflects market dynamics. Adjustments are made based on confirmed transactions or published price lists that indicate changes in the market.

HARBOR Aluminum maintains a robust approach to daily price discovery, fostering communication with various industry stakeholders and contributors across the entire billet supply chain. The methodology prioritises inclusivity by not imposing a minimum number of required price points, and a three-day transaction window is utilised to enhance liquidity. The Pricing Committee diligently oversees this process, ensuring the benchmark remains reflective of dynamic market conditions and adjusting as needed based on confirmed transactions or published price lists.

Principle 7 – Data Sufficiency

The design of the Benchmark should seek to achieve, and result in an accurate and reliable representation of the economic realities of the Interest it seeks to measure and eliminate factors that might result in a distortion of the price, rate, index or value of the Benchmark.

HARBOR refrains from establishing minimum data/transactions requirements, recognising the nuanced conditions of an active market outlined in Principle 7. The data used in constructing a Benchmark determination is meticulously designed to accurately and reliably represent the interest measured by the Benchmark. To fulfil the principle's criteria, HARBOR ensures that the data is based on prices, rates or values shaped by competitive forces of supply and demand, instilling confidence in the reliability of the price discovery system.

In alignment with the requirement for Benchmarks to be anchored in observable transactions at arm's length, HARBOR employs minimum transactional volumes for each published benchmark, as detailed in HARBOR's Benchmark methodologies and design statements. Quotations, forecasts, bids/offers are not considered given their lack of a consensual price agreement between purchasing and selling parties. This approach ensures that the Benchmark functions as a credible indicator of prices, rates, indices, or values, even in instances of low liquidity.

Principle 8 - Hierarchy of data inputs

An Administrator should establish and Publish or Make Available clear guidelines regarding the hierarchy of data inputs and exercise of Expert Judgment used for the determination of Benchmarks.

Rating	Fully Implemented
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Aligned with Principle 7, HARBOR follows a structured hierarchy of data inputs, conferring validity exclusively to confirmed transactional activity and concluded business for benchmark price determination. Quotations, forecasts, bids, and offers are unequivocally omitted from consideration in the final benchmark price, emphasising HARBOR's core requirement of consensual price agreements between buyers and sellers. This deliberate exclusion is underpinned by HARBOR's emphasis on anchoring benchmarks in observable, arms-length transactions, ensuring a consistent and reliable approach to benchmark construction.

Principle 9 - Transparency of benchmark determinations

The Administrator should describe and publish with each Benchmark determination, to the extent reasonable without delaying an Administrator publication deadline:

a) A concise explanation of how the determination was developed;

b) A concise explanation of the extent to which and the basis upon which Expert Judgment if any, was used in establishing a Benchmark determination.

Rating

Fully Implemented

HARBOR's established policy outlines the firm's approach to the Benchmark Determination process, accompanied by guidelines on the exercise of expert judgment. The Pricing Committee oversees daily calculations, publications, and relevant processes for benchmark assessments, retaining the right to make decisions based on Expert Judgment. Transparent processes, as identified, monitored, and recorded, align with Methodology documents detailing the basis for Expert Judgment in each applicable Aluminum Benchmark.

In adherence to IOSCO's Principle 9, HARBOR prioritises transparency in Benchmark determinations through publicly accessible documents, including Benchmarks Methodologies. This provides clarity on the development process and Expert Judgment use, with systematic rules subject to periodic reviews and compliance updates. During changes to Benchmark calculations, HARBOR ensures transparency, detailing information on transactions, volume, average price, and Expert Judgment application. The Methodology documents, outlining the basis for Expert Judgment, adhere to the Guidelines on Exercise of Expert Judgment policy and conflict avoidance.

Harbor commits to describing and publishing concise explanations with each Benchmark determination, retaining records for at least five years through its Pricing Committee.

HARBOR Aluminum engages market participants, including end users, producers, and traders, as data submitters for benchmark assessments. The Pricing Committee is responsible for overseeing data acceptance and enforcing inclusion and exclusion rules to safeguard integrity. Aligned with Principles 9 and 14, Harbor's submitter inclusion and exclusion policy articulates their commitment to upholding data quality standards. The policy establishes selection criteria encompassing a diverse range of submitters to accurately represent economic realities. It provides guidelines for exclusion, delineating internal procedures and governance for excluding individual submissions or submitters entirely. The Index Oversight Committee will conduct an annual assessment of data submissions, evaluating accuracy, responsiveness, and adherence to HARBOR's Submitters Code of Conduct.

Principle 10 - Periodic review

The Administrator should periodically review the conditions in the underlying Interest that the Benchmark measures to determine whether the Interest has undergone structural changes that might require changes to the design of the Methodology.

The Administrator also should periodically review whether the Interest has diminished or is non-functioning such that it can no longer function as the basis for a credible Benchmark.

Rating	Fully Implemented
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Adhering to Principle 10, HARBOR's Index Oversight Committee annually conducts thorough reviews of the HARBOR Aluminium Indices' methodologies. The annual review by the Index Oversight Committee verifies if the underlying interest has undergone structural changes, prompting adjustments to the methodology or potential cessation of the benchmark. Reviews may be undertaken more regular where appropriate.

Suggestions for methodology adjustments can be submitted year-round to HARBOR's compliance Team by email, with the Index Oversight Committee overseeing the approval process. Proposals for adjustments can originate from any HARBOR Aluminum staff member or market stakeholders, with final approval resting with the Index Oversight Committee based on their Terms of Reference. Material changes prompt broader consultations, ensuring the benchmarks' integrity in terms of index calculation, input data quality, selection rules, contributors, or benchmark levels.

Transparency is paramount, and the Committee commits to providing comprehensive summaries of periodic reviews, including the rationale behind any material revisions, fostering transparency and accountability in the benchmarking process. As of the current review period, no material changes have been implemented in the benchmark methodologies.

HARBOR reinforces its commitment to benchmark oversight through the Benchmark Review Policy and Benchmark Review Statement. These documents outline the firm's approach to periodic reviews of conditions in the underlying interest, ensuring benchmarks accurately reflect market dynamics.

IOSCO PRINCIPLES REGARDING QUALITY OF METHODOLOGIES

Principle 11 - Content of the methodology

The Administrator should document and Publish or Make Available the Methodology used to make Benchmark determinations. The Administrator should provide the rationale for adopting a particular Methodology.

Rating	Fully Implemented
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HARBOR has established a methodology document for each of the indices referenced within the Benchmarks section of this IOSCO compliance statement. HARBOR publishes a separate methodology for each of its indices which are published on the HARBOR website.

Website link - <https://pricingunit.harboraluminum.com/certification/>

In accordance with Principle 11, HARBOR's methodology documents provide stakeholders with sufficient information to understand the economic reality the benchmark seeks to measure, input selection, exercise of Expert Judgment, and procedures for Benchmark determination during periods of stress or data absence. The documents also detail error reporting procedures, frequency of internal reviews, and conditions for external review of the methodology. They specifically address potential limitations, including the operation of Benchmarks in illiquid or fragmented markets and the concentration of inputs.

HARBOR's suite of methodology documents and accompanying policies meet the minimum criteria outlined by Principle 11, encompassing key definitions, criteria and procedures for Benchmark development, guidelines for Expert Judgment exercise, and transparency measures for internal and external reviews. The documents also specify circumstances for consultation with stakeholders and highlight potential limitations associated with each Benchmark, ensuring a robust framework in line with Principle 11.

Principle 12 - Changes to the methodology

An Administrator should Publish or Make Available the rationale of any proposed material change in its Methodology, and procedures for making such changes.

Rating	Fully Implemented
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In line with Principle 12 HARBOR has established a policy for managing changes to its index methodologies. HARBOR's managing methodology changes policy outlines processes for non-material and material changes, prioritising stakeholder consultation with clear advance notice. Communication transparency and record-keeping are highlighted and confidentiality requests are addressed.

We have included below an overview of Harbors approach to any proposed or agreed methodology changes;

- **Triggers for Methodology Changes:** Changes can be triggered by periodic reviews, recommendations from the Board or Index Oversight Committee, proposals from staff, regulatory developments, or feedback from users.
- **Responsibility and Principles:** The Index Oversight Committee manages changes, considering principles such as recognising stakeholders' roles, ensuring market stability, and evaluating economic impacts.
- **Channels for Changes:** Changes undergo formal review annually, but suggestions can be submitted throughout the year to the HARBOR's Compliance team by email.
- **Considering Proposed Changes:** The Index Oversight Committee determines if proposed changes are material. Non-material changes are presented to the Committee, while material changes undergo internal analysis or general consultation with stakeholders.
- **Implementation:** HARBOR provides advance notice of material changes, seeks stakeholder feedback, and obtains final approval from the Index Oversight Committee. A cessation policy is in place if discontinuation of a benchmark is considered.
- **Final Decision:** The Index Oversight Committee makes the final decision as to whether changes to the methodology are required and maintains records as per the HARBOR's Record Keeping Policy. Changes are communicated to users and stakeholders with justifications and contact information.

Principle 13 - Transition

Administrators should have clear written policies and procedures, to address the need for possible cessation of a Benchmark, due to market structure change, product definition change, or any other condition which makes the Benchmark no longer representative of its intended Interest.

Rating

Fully Implemented

Aligned with Principle 12, HARBOR has established a comprehensive Transition and Cessation policy, addressing circumstances that may prompt the discontinuation of an index in response to market changes. The policy, encompassing all stakeholders, follows a structured three-phase approach: consultation, assessment, and execution. Stakeholders are encouraged to diligently evaluate the implications of such changes and incorporate resilient fall-back provisions into contracts linked to any HARBOR Aluminum Index.

The outlined process involves soliciting staff proposals, engaging in consultations with stakeholders, assessing cessation triggers, and considering potential adjustments to the index methodology. The Index Oversight Committee takes charge of overseeing approvals and orchestrating the implementation phase, ensuring advanced notification of discontinuation to users and stakeholders, along with active engagement with relevant authorities.

The Transition and Cessation includes critical factors that may necessitate modifications to an index's methodology or its complete cessation. The three-phase policy is thoughtfully tailored to the contractual landscape associated with the indices, placing significant emphasis on stakeholder considerations of the impacts of changes and the establishment of robust contractual provisions. The transparency of the process is maintained through clear documentation of staff proposals, the publication of consultation procedures, and the comprehensive assessment of alternative benchmarks.

Principle 14 - Submitter Code of Conduct

Where a Benchmark is based on Submissions, the Administrator should develop guidelines for Submitters (“Submitter Code of Conduct”) and should only use inputs or Submissions from entities which adhere to the Submitter Code of Conduct.

Rating

Fully Implemented

HARBOR Aluminum places a strong emphasis on maintaining the integrity of its benchmark indices through the implementation of a robust Submitter Code of Conduct. This code is designed to ensure that submitters adhere to the highest standards, fostering consistency and reliability in HARBOR indices. Submitters are entrusted with significant responsibilities, necessitating the appointment of qualified senior officers, designation of authorised personnel, and rigorous due diligence processes to verify identity, reputation, and conflicts of interest. This framework underscores the vital role of submitters in the fair and effective operation of HARBOR indices.

The Submitter Code covers key aspects crucial to the index determination process, including: conflicts of interest management; staff training; adherence to expert judgment guidelines; and comprehensive data quality reviews. Submitters are required to align their submissions with specific price/premium specifications, follow submission deadlines, and share data based on a specified hierarchy. Additionally, the code mandates the retention of records for at least five years, encompassing procedures, methodologies, identities of submitters, communications, adherence confirmations, interactions with the Administrator, and conflict declarations. This commitment to transparency and accountability ensures a thorough audit trail, supporting the reliability of benchmark assessments.

Involving a diverse range of market participants, such as end users, producers, and traders, as data submitters for benchmark assessments aligns with HARBOR's commitment to capturing representative economic realities. The Pricing Committee oversees data acceptance, implementing inclusion and exclusion rules to safeguard the integrity of the benchmark process.

In line with Principles 9 and 14, HARBOR's submitter inclusion and exclusion policy outlines how the company upholds data quality standards. This policy includes selection criteria for submitters and scenarios for exclusion, supported by internal procedures and governance. HARBOR's Index Oversight Committee conducts annual assessments to evaluate the quality of data submissions, considering accuracy, responsiveness, and adherence to the Submitters Code of Conduct, and more regularly where appropriate. This multifaceted approach ensures the ongoing reliability and accuracy of HARBOR's benchmark assessments.

Principle 15 - Internal controls over data collection

When an Administrator collects data from any external source the Administrator should ensure that there are appropriate internal controls over its data collection and transmission processes.	
Rating	Fully Implemented
<p>HARBOR's benchmarks leverage input data from submitters, encouraging broad market participation for enhanced accuracy in the US Aluminum market. Submitters, comprising buyers and sellers are all subject to HARBOR's Submitter Code of Conduct. The Pricing Committee meticulously verifies and analyzes all submitted data, conducting preliminary screenings and confirming transaction details with involved parties to ensure authenticity.</p> <p>Confidentiality is paramount in HARBOR's submission collection process, with stringent controls in place. Employees are bound by strict confidentiality rules, prohibiting the disclosure of any index-related information unless mandated by law. External spot freight rates, essential for benchmark calculation, come from reputable firms selected based on criteria such as independence, competency, and experience in freight markets.</p> <p>The Pricing Committee are also responsible for the publication of benchmark assessment. These benchmark calculation and transmit daily through HARBR's Daily Aluminum Commentary report. The publications are subjected to multiple four eye checks and sign-off by qualified staff which will all be recorded prior to publication.</p> <p>In alignment with the principle 15, HARBOR maintains robust internal controls for data collection and transmission from external sources. These controls cover source selection, data collection processes, and safeguarding data integrity and confidentiality.</p>	

IOSCO PRINCIPLES ON ACCOUNTABILITY

Principle 16 - Complaints procedures

The Administrator should establish and Publish or Make Available a written complaints procedures policy.

Rating	Fully Implemented
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HARBOR has established a Complaints policy outlining procedures for addressing Complaints related to its benchmarks, aiming to enhance efficiency and response time. The primary goal is to contribute to the ongoing improvement of the index determination process. Market participants are encouraged to address concerns with Compliance or the Pricing Committee before initiating formal complaints.

Complaints may cover various aspects, such as benchmark accuracy, methodology, proposed changes, or decisions in the benchmark determination process. Modifications to an index methodology prompted by a complaint will undergo the engagement and approval processes outlined in accordance with principles 12 and 13.

Complaints are categorised as formal or informal. Formal Complaints are managed by the Pricing Committee and Compliance, while informal ones are addressed by the relevant Committee member, ensuring a comprehensive approach to addressing stakeholder concerns.

Formal Complaints necessitate a written submission, including background details, relevant materials, and contact information, submitted via email. The Compliance unit handles receipt, classification, and prioritisation of Complaints. The designated employee in compliance ensures a thorough investigation, with potential escalation to the Index Oversight Committee or Pricing Committee. Acknowledgments occur within three business days, while comprehensive responses to the complainant are provided within 40 days. An appeal process is available, reviewed by HARBOR's Managing Director and Index Oversight Committee Chairman, delivering a final decision within 14 business days.

The Complaint process adheres to data protection laws, maintaining confidentiality and privacy for complainants. HARBOR Aluminum retains records for a minimum of 5 years, aligning with its Record Keeping Policy. Information disclosure is conducted in accordance with legal requirements, ensuring effective internal processes while safeguarding the privacy of complainants.

Principle 17 - Audits

The Administrator should appoint an independent internal or external auditor with appropriate experience and capability to periodically review and report on the Administrator's adherence to its stated criteria and with the Principles.

Rating	Fully Implemented
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HARBOR Aluminum, in its capacity as a benchmark administrator, upholds IOSCO Principle 17 through a comprehensive audit policy, ensuring transparency and reliability in benchmark determinations. A key aspect of this policy includes appointing independent auditors for periodic reviews. These audits, conducted annually and in line with best practices, ensure the integrity and consistency of benchmark determinations, considering the company's operational scale.

The audit, either internal or external, requires a thorough understanding of IOSCO Principles, HARBOR Aluminum's index assessment methods, and guidelines. Independence, absence of conflicts of interest, and expertise in assessing compliance with IOSCO Principles are key criteria for auditor selection. The Index Oversight Committee presents candidates for final election to the Board of Directors, which decides whether an internal or external auditor is more appropriate through a majority vote.

Annual audits are complemented by more frequent reviews triggered by circumstances such as conflicts of interest or changes in methodology may be required. Auditors are promptly appointed to address these scenarios, ensuring timely assessments. External auditors adhere to international standards, conducting reasonable assurance engagements. The resulting audit report critically evaluates fairness and adherence to IOSCO principles. Changes to the audit policy require approval from the Index Committee, reinforcing a robust governance structure committed to sound auditing practices.

Principle 18 - Audit trail

Written records should be retained by the Administrator for five years.

Rating	Fully Implemented
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HARBOR's record keeping policy establishes guidelines for the retention of records concerning the administration of HARBOR's Benchmarks. It emphasises the critical role of robust record-keeping arrangements to maintain an accessible audit trail for regulatory agencies and relevant stakeholders.

HARBOR commits to maintaining complete and transparent records of governance, methodology, and regular determinations of HARBOR Benchmarks. It outlines principles for record accessibility, confidentiality, security measures, backup arrangements, and a retention period of at least five years.

The record keeping policy confirms that detailed records are retained by HARBOR Aluminum covering various aspects, including submission data, methodology explanations, judgment exercises, changes in procedures, identities of contributors, electronic communications, review reports, time stamps, and documents related to various policies and reviews.

HARBOR implements procedural standards, such as a Central Retention Register backed up on cloud servers, managed by the IT Coordinator. Electronic storage organisation is overseen by the Compliance team, ensuring limited access as appropriate. Internal reviews of the retention register and backups are conducted to ensure compliance.

Any modifications to the record-keeping process, including changes in methodology or decision-makers, are documented. Exceptions or changes to regulations must receive approval from the Chairman of the Index Oversight Committee.

Principle 19 - Cooperation with Regulatory Authorities

<p>Relevant documents, Audit Trails and other documents subject to these Principles shall be made readily available by the relevant parties to the relevant Regulatory Authorities in carrying out their regulatory or supervisory duties and handed over promptly upon request.</p>	
Rating	Fully Implemented
Comments	<p>HARBOR has established a Cooperation with Regulatory Authorities policy. HARBOR Aluminum's policy is designed to ensure compliance with Principle 19 of IOSCO's Principles for Financial Benchmarks, focusing on cooperation with regulatory authorities. The policy encompasses various regulatory activities, such as inspections, certification, policy development, and the adoption of standards. It aims to facilitate supervisory work and investigations into potential misconduct or reliability issues related to the benchmarks.</p> <p>In support of regulatory transparency, HARBOR is required to submit records and audit results to relevant authorities, making documents subject to regulatory principles readily accessible. The Compliance team handles regulatory requests promptly and following internal procedures for tracking and resolution.</p> <p>Staff involved in benchmark administration activities is required to promptly escalate regulatory requests to Compliance/Legal, where the team serves as the liaison for both routine and ad-hoc requests. HARBOR emphasizes explicit confirmation of the nature of external communications and assesses the impact of regulatory requests through discussions evaluated by the Index Oversight Committee.</p> <p>The emphasis on prompt responses and efficient document submission demonstrates a commitment to transparency and regulatory compliance. The policy framework indicates a structured and organised approach to handling regulatory inquiries.</p>