

Shanghai Metals Market Price Assessment Methodology
0#/1# Zinc Spot Price Methodology

Product: SMM 0#/1# Zinc Spot Price

Last consultation date: April 1, 2020

Expiry date: April 1, 2021

Date last updated: April 1, 2020

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1. Guidelines to SMM price assessment methodology

Shanghai Metals Market ("SMM") is an independent service provider that does not participate in trades. SMM is a market observer that engages buyers and sellers in the commodities market. By consulting with industry independent participants, SMM drafts the methodology, examines and revises it regularly based on the specifications and terms of trade that are generally used in the market, with equal weighting given to transactions that meet the standards. SMM reserves the right to exclude any unreliable or unrepresentative price data from its price assessment, in line with this methodology and other related Benchmark governance policies and procedures. SMM believes the processes and procedures documented in their Methodologies represent the most accurate way of representing the underlying economic reality of the markets each Benchmark seeks to measure.

SMM price assessments refer to metals spot prices or price indices of both the Chinese and overseas markets reported by SMM on a daily basis. All SMM prices are published according to a set of defined methodologies, indicating how the prices are accessed and reported. These methodologies are published on our website www.metal.com (English) or www.smm.cn (Chinese) or for all market participants to understand and refer to.

To reflect the actual trades in the spot market, SMM will update the methodology for SMM price assessments and publish all the revisions on our website www.metal.com (English) or www.smm.cn (Chinese) 28 days ahead of the changes. For queries or suggestions on the methodology, please contact SMM customer services (please find contact information on the SMM official websites). **Please read this paragraph in conjunction with the SMM methodology review and changes policy, and the SMM Complaint Policy available at www.metal.com (English) or www.smm.cn (Chinese).**

This document specifies the standards and management methods for the SMM 0#/1# Zinc Spot Price assessment. These standards are formulated to establish a transparent and verifiable SMM price setting mechanism and provide market participants with an important pricing indicator.

The Committee maintains oversight of the SMM Benchmark methodology and its compilation process, ensuring that SMM prices and indices reflect as closely as possible the objective conditions of physical markets of relevant commodities. The Committee will immediately point out any problem it finds, and propose external consultations and modifications to the existing methodologies or processes, in order to improve the quality of prices or indices published by SMM. The Committee can only propose changes to the methodologies and processes used in future Benchmark assessments, rather than modifying the already published prices or indices.

2. Guidelines to 0#/1# Zinc Spot Price

2.1 Definition

The SMM zinc ingot (#0 and #1 zinc, hereinafter referred to as zinc ingot) spot prices

are assessed and reported based on the methodology defined in this document. As a benchmark, it can be referred to by upstream and downstream producers and traders of zinc ingot spot transaction as their settlement price. The prices reflect the price range that is most likely to be traded in Shanghai at the time of publication (self pick-up at warehouses). The prices are mainly based on spot transaction prices in Shanghai on the same day.

2.2 Introduction of price assessment

SMM collects data information used to evaluate zinc ingot spot prices by means of standard acquisition (that is, the collection of raw data information that complies with the SMM Data Standards Policy), from including the actually traded prices of spot transaction provided by the price submitters. The amount of each transaction that can be deemed as the standard zinc ingot spot prices or trades in the price collection will be not less than 30-50 mt. Data collection, assessment (calculation) and daily management of SMM zinc ingot spot prices are conducted by the SMM zinc business team, which consists of 2 price analysts (A and B) and a price manager. Analyst A is in charge of price collection from price submitters and eventually determining prices, analyst B rotates the job of analyst A. Price manager is in charge of reviewing the price assessment process.

The price published by SMM is intended to reflect the real transactable value of a commodity in a time point or period during the day. As such, where a confirmed deal is done for the same specification and loading range as confirmed bids and offers, and when all are declared to the market simultaneously, the deal will take precedence over the bids and offers. During the assessment process, we may consider other information. However, actual transactions, bids and offers will always take precedence. **Please read this paragraph with the SMM Benchmark Guidelines on Hierarchy of Data Inputs available at available at www.metal.com (English) or www.smm.cn (Chinese).**

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