

CRU Level 1.0 Operations Manual

CRU Steel

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1. Price assessment definitions

1.1. CRU's product definitions refer to "standardised trades" and are strictly adhered to. A document containing all of CRU's steel price definitions is available separately.

2. Data providers

2.1. "CRU's Level 1.0 Steel Price Assessments" are based upon a survey of steel industry participants. These participants (our "data providers") collectively represent the whole supply chain, including producers, consumers, stockists and traders.

2.2. Our data providers must have a direct involvement in buying/selling the relevant steel product on the spot market. They are taken from the "CRU Steel Contact List", which has been built up over the 20+ years that CRU has been analysing steel markets. This list only includes those market participants who, in the judgement of CRU steel analysts, have significant steel pricing/industry knowledge; are trustworthy and reliable; and who have integrity.

2.3. The "CRU Steel Contact List" is large enough to cope with staff absences and staff turnover amongst survey participants. We have never been unable to publish a price assessment. Moreover, CRU is constantly seeking to expand its contacts list.

2.4. Data providers to "CRU's Level 1.0 Steel Price Assessments" are not required to sign a "data providers' agreement", nor do they receive payment for their contributions.

2.5. Based upon CRU's strict price definitions, each participant provides either a single price (which represents the average price that spot orders have been placed at in the one week leading up to the survey) or a range of prices (between which all of the orders placed in the one week leading up to the survey lie).

3. Raw data collection and storage

3.1. Industry participants provide their data submissions via telephone surveys. These are conducted by experienced steel industry analysts, who are required to have been with CRU (working within the relevant team) for at least 6 months.

3.2. More than ten analysts are currently qualified to conduct the telephone surveys. This gives CRU the flexibility required to handle unforeseen events, holidays and illnesses. It also means that CRU can guarantee the publication of its price assessments.

3.3. The survey team is based across CRU's London, Beijing, Mumbai and Pittsburgh offices and are specialists, including local language capability in many cases, in the region to which their price assessments relate.

3.4. The telephone surveys are conducted in the two-to-three days before the publication of CRU's steel price assessments, thereby ensuring that clients receive as timely data as possible.

3.5. Each telephone conversation is documented by the analyst in a written note, which is then filed and may be used at a later

date to justify the final price assessments.

4. Error detection procedures - raw data

4.1. Although no specific statistical checks are in place to detect errors, the price submissions are collected, via telephone surveys, by CRU's experienced steel industry analysts. As such, submissions which are regarded as suspect - whether this be because of the variance from that contributor's last submission or the variance from the average of the other contributors' submissions - are questioned by the analyst at the time of the survey or, if necessary, by speaking to the participant for a second time. If a satisfactory answer is not received, the contribution is not taken into account when arriving at the final price assessment.

4.2. For "CRU's Level 1.0 Steel Price Assessments" there is no way of verifying the price submission received from each data provider, except by comparing with the other submissions received.

5. Calculation procedures for final price assessments

5.1. "CRU's Level 1.0 Steel Price Assessments" are a weighted average of the price submissions that have been passed for inclusion in the calculation. In the absence of data relating to the volume of sales to which each price submission refers, CRU's analysts attach a subjective "weighting" to each submission. This is based upon the knowledge and expertise of CRU's steel industry analysts.

6. Error detection/resolution procedures - final price assessments

6.1. CRU uses all reasonable endeavours in the preparation of its price assessments. Once the analysts have arrived at their assessments a mechanism for crosschecking is in place. Every price assessment made by an analyst is reviewed by the relevant product editor before publication. Where the price assessor is also the editor, then another editor will review the relevant prices.

6.2. Any typographical errors are adjusted immediately on mycru.crugroup.com, and for online Monitor services, steel.crugroup.com, where subscribers can also access the price assessments. In addition, all subscribers are notified by email.

6.3. Unless there is a typographical error, CRU will always stand by its published price assessments and resist retrospective changes, except in exceptional circumstances.

7. Dissemination of the final price assessments

7.1. The CRU price assessments for steel long products (billet, rebar, wire rod, merchant bar and structurals) are published in the CRU Steel Long Products Monitor on mycru.crugroup.com on the first Wednesday of each month (with the exception of January, when they are published on the second Wednesday) and in the CRU Long Products Monitor Weekly Price Update on the other Wednesdays of each month.

7.2. The CRU price assessments for steel sheet products (slab, hot-rolled coil, cold-rolled coil, hot-dipped galvanised coil and electro-galvanised coil) are published in the CRU Steel Sheet Products Monitor on mycru.crugroup.com on the second Wednesday of each month and in the CRU Steel Sheet Products Monitor Weekly Price Update on the other Wednesdays of each month.

7.3. The CRU price assessments for steel plate are published in the CRU Steel Monitor and mycru.crugroup.com and steel.crugroup.com on the third Wednesday of each month and in the CRU Steel Monitor Weekly Price Update on the other Wednesdays of each month. They are available only to subscribers of this publication.

7.4. The CRU price assessments for steelmaking raw materials are published in the CRU Steelmaking Raw Materials Monitor and mycru.crugroup.com on the third Wednesday of each month. They are available only to subscribers of this publication.

7.5. The CRU price assessments for steel metallics are published in the CRU Steel Metallics Monitor and mycru.crugroup.com on the second Thursday of each month. They are available only to subscribers of this publication.

7.6. The CRU price assessments for bulk ferroalloys are published in the CRU Bulk Ferroalloys Monitor and mycru.crugroup.com and on the last Thursday of each month and in the CRU Bulk Ferroalloys Monitor Weekly Price Update on every Friday of each month. They are available only to subscribers of this publication.