

OPIS Benchmark Administration BV – BENCHMARK STATEMENT

DISCLAIMER

The Administrator (as defined herein) does currently not administer any price assessments that qualify as benchmarks under the EU Benchmark Regulation.

1. General Disclosures

Benchmark family name	McCloskey coal markers
Benchmark administrator	OPIS Benchmark Administration B.V. (“the Administrator”)
Date of initial publication of this document	20 April 2023
Date of last update to this document	25 May 2023
ISIN (where available)	There are presently no ISINs available or accessible for the price assessments covered by this Benchmark Statement.

Determination by contributions of input data	OPIS receives contributions of data from coal market participants, including miners, industrial consumers and traders active in the physical coal supply chain, in relation to this family of commodity price assessments.
Qualification of the benchmark family	McCloskey coal markers are currently not used as a reference for trading on an EU exchange or other EU trading venue and consequently are not benchmarks within the meaning of the EU Benchmark Regulation.
2. Key information relating to the benchmark or family of benchmarks	
General description of the market or economic reality	OPIS produces physical price assessments, termed McCloskey Coal markers, for the major traded global coal hubs.
Geographical boundaries of the market or economic reality	These price assessments are global.
Other relevant information relating to the market or economic reality	The seaborne coal market is global with market participants ranging from coal miners, traders, wholesalers, shipping and logistic companies, power generators and industrial users.
3. The potential limitations of the benchmark and the circumstances in which the measurement of the market or economic reality may become unreliable	
Circumstances in which we would lack sufficient input data to determine the benchmark according to the methodology	OPIS methodologies are designed to deal with a myriad of market circumstance and so produce reliable representative values. These includes periods of low liquidity, heightened volatility and market disruptions caused by infrastructure issues. We may assess markets at times when liquidity is insufficient by using bid/offer ranges or by using a greater proportion of assessments of fair value from market players. These are rigorously checked by applying historically demonstrable and defensible differentials to comparative markets. The only circumstance in which a price assessment could no longer be provided would be if the commodity being assessed became no longer economically or operationally viable to trade or value due to changed circumstances.
Circumstances in which the degree of liquidity of the underlying market becomes insufficient to ensure the	See explanation above.

integrity and reliability of the benchmark determination according to the methodology	
4. The controls and rules that govern the exercise of judgment or discretion in the calculation of the benchmark or family of benchmarks	
Position of each function or body that may exercise discretion in the calculation of a benchmark	<p>Discretion and judgment may be exercised by market assessors (see below) and the approach to such judgment and discretion is regularly reviewed by OPIS and reviewed by the Administrator with the assistance of the Expert Committee.</p> <p>In circumstances when insufficient market data exists or when the current methodology does not produce representative prices, an assessment of market value will be made by OPIS reporters by applying expert judgment based on available alternative market data such as comparative markets</p> <p>In the event there is a need to modify the methodology due to circumstances not foreseen by the methodology or associated policy, the Administrator will consult with the Expert Committee in order to arrive at a decision that is consistent with the objective of the methodology and that causes minimal disruption to index stakeholders.</p> <p>Any changes to the index methodology or any cessations will be decided upon as per the Cessation and Material Change policy (available here). Where a proposed methodology change is material the Administrator will arrange a wider consultation which will be addressed to all relevant stakeholders. The Administrator will oversee the consultation process. A methodology change is likely to be material if it has a substantial impact on the index calculation process or formula, the quality of the input data, the underlying market or reality measured.</p>
Governing the exercise of judgment or discretion	<p>The Administrator reserves the right to exercise editorial judgment in cases where input data is anomalous or suspicious and in cases where certain transactional information cannot be verified or validated with other market sources by the deadline for compilation or does not otherwise fit the Thermal Coal and Petcoke marker price Methodology and specifications (the Methodology) which is publicly available on our website here. Market assessors may choose to exclude data on that basis, however, that data exclusion must be logged and approved by a senior editor prior to publication.</p>
Ex-post evaluation process	<p>If warranted by the circumstances, OPIS may publish corrections after the publication date. OPIS will typically correct material errors that arise from the improper entry of information, the erroneous calculation of market data, misreported information or the incorrect application of the stated methodology. However, OPIS will not retroactively assess markets based solely on new information learned after the publication date of the relevant marker. Corrections will be conducted in accordance with the Price Assessments Correction policy which can be found here. Corrections will be posted through the email alert Newswire service.</p>

5. Review of the methodology and changes to, or cessation of, the benchmark or family of benchmarks

The methodology

1. The Methodology is applied to produce physical price assessments, termed “markers,” designed to provide price information for the major traded global coal hubs. The Methodology has been crafted and adopted with stakeholder input in accordance with the IOSCO Principles for Oil Price Reporting Agencies and the EU Benchmark Regulation (Annex II). Any material change to the Methodology is subject to a sufficient period of public comment usually four weeks in duration. Such review is approved by the Administrator.
2. OPIS will utilize various types of market data in compiling its price assessments, including:
 - Transactions
 - Bids and offers
 - Other market information, such as comparative markets and their spreads between qualities, locations, and other data
3. Transaction information is the preferred source of data for the markers. However, depending on the liquidity of the markets being assessed, other information can be and is used, such as bids and offers and other market information. This can be in combination with transactions, or can substitute transactions, depending on the market liquidity and specific market circumstances. Consequently, in most markets there will be a relatively higher rank given to transactions over bids and offers and other market information in the compilation process.
4. While market assessors are trained to use editorial judgment when necessary to exclude data that cannot be verified or validated by deadline or otherwise does not fit our methodology, any data exclusion must be reviewed and approved by a senior editor prior to publication of the price assessment.
5. Corrections that are determined to be necessary either from internal or external discovery are performed by the market assessor assigned to the day’s report but must be approved by a senior editor prior to re-publication. Corrections will trigger a re-publication of the assessment on the day of discovery or the next possible working day. Further details of the Administrator’s Correction policy are available on the Administrator’s website [here](#).

<p>Rationale for adopting the methodology</p>	<p>The key elements of the Methodology are the rules for inclusion/exclusions, the sources of input data and the type of input data.</p> <p>Rules for inclusion / exclusions of input data</p> <p>The parameters of the product/commodity methodology, such as product specifications, timings, assessment locations, standard traded units, and other particulars of a marker are determined by industry conventions and are designed to be used as a price assessment for the commodities/markets we operated in. The guiding principles behind this are around consistency of application, accuracy and fit-for-purpose.</p> <p>Sources of input data</p> <p>Data is received from active physical coal market participants including physical coal brokers. We will accept market data from all credible market sources, including electronic trading platforms. OPIS will accept market data by telephone, instant messenger, email or other means. Source data input into the assessments is deemed to be reliable and representative of the markets and will be tested as part of an ongoing process of engagement with the industry.</p> <p>Type of input data</p> <p>Transaction data is the preferred source of information for the markers. However, depending on the liquidity of the markets being assessed, other information can be and is used, such as bids and offers and other market information. This can be in combination with transactions, or can substitute transactions, depending on the market liquidity and specific market circumstances. What will remain consistent is that the price discovery process, the methodology and assessment process will reflect the requirements of the principles of consistency, accuracy and fit for purpose.</p>
<p>Possible impacts of changes to, or the cessation of the benchmarks which might have an impact upon the financial contracts, financial instruments that reference the benchmark or the measurement of the performance of investment funds</p>	<p>It is possible that factors, including external factors beyond the control of the administrator, may necessitate changes to, or the cessation of a price assessment.</p> <p>It is possible that changes to, or the cessation of, a price assessment may have an impact upon the financial instruments that reference the price assessments.</p> <p>In the event a price assessment ceases to be relevant to the marketplace, the administrator will consult on its intention to discontinue the assessment.</p> <p>Further details of the Administrator’s Cessation and Material Change Policy are available on the Administrator’s website here.</p>
<p>6. Commodity benchmarks</p>	

Qualification as a commodity benchmark	McCloskey Coal Markers are currently not used as a reference for trading on an EU exchange or other EU trading venue and consequently are not benchmarks within the meaning of the EU Benchmarks Regulation.
Title II or Annex II regime	Annex II
Criteria that define the relevant underlying physical commodity	McCloskey Coal Markers and the underlying physical commodities represent prices at coal market hubs.
Publication of information relating to commodity benchmark	McCloskey Coal Markers information and related calculations and the Methodology are explained and published on the publicly available website here .
7. Climate-related disclosures	
Type of benchmark family	Commodity price assessments
Name of the benchmark	McCloskey Coal markers
Does the benchmark pursue ESG objectives?	No
Where the answer to the above question is negative, is any EU Climate Transition Benchmark or EU Paris-Aligned Benchmark available in the portfolio of OPIS or does OPIS have benchmarks that pursue ESG objectives or consider ESG factors?	No
8. Key Terms	
Administrator	means OPIS Benchmark Administration B.V., authorized by the Netherlands Authority for the Financial Markets (<i>Autoriteit Financiële Markten</i> , AFM) pursuant to Article 34(1)(a) of the EU Benchmark Regulation. The Administrator is listed as authorized benchmark administrator in the public register of ESMA. The Administrator is currently only responsible for the administration of the McCloskey coal markers.

Expert Committee	The Committee created by the Administrator to assist its exercise control over the provision of the price assessments and benchmarks in accordance with the EU Benchmark Regulation.
OPIS	Any group company of the Administrator to which the Administrator has outsourced any functions in accordance with article 10 of the EU Benchmark Regulation.
9. Additional information	
Additional information	The most recent IOSCO assurance report and the methodologies relating to the McCloskey Coal Markers are explained on the publicly available website here .
10. Document governance	
Document name	OPIS Benchmark Statement
Document owner	OPIS Benchmark Administration B.V.
Applies to	Northwest Europe Steam Coal marker (component of API2) and Richards Bay FOB marker (component of API4). These price assessments are currently not used as a reference for trading on an EU exchange or other EU trading venue and consequently are not benchmarks within the meaning of the EU Benchmark Regulation.
Approved by	Board of the Administrator
Date of Last review	25 May 2023

IMPORTANT

This Benchmark Statement will be updated whenever the information it provides is no longer correct or sufficiently precise. This Benchmark Statement will be updated at least every two years.

ABOUT OPIS

McCloskey by OPIS, a Dow Jones Company, is a leading provider of critical news, analysis and data on the worldwide coal markets. Its price assessments – the McCloskey Coal markers – are components of the APIs or are benchmarks in their own right, and are used to settle international derivative contracts and price physical tonnes as well as being used extensively as reference prices for industry analysis. The McCloskey markers are trusted and used by coal, energy and steel industry professionals around the globe.

CONTACT US

OPIS Benchmark Administration B.V.

Email: query@opisnet.com

Phone: +1 301.966.7270

For more information, including methodology documents please visit <https://www.opisnet.com>.

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