

Assessment methodology

INTRODUCTION

Expana is the leading provider of comprehensive commodity market intelligence globally, empowering businesses with trusted data and insights. Expana has a legacy of over 200 years and is the largest Agri-Food PRA in the world, bringing together our esteemed brands Mintec, Urner Barry, and Feedinfo. This has resulted in the creation of a unified methodology, the purpose of which is to ensure that Expana's proprietary price assessments reliably and accurately reflect the market value of the commodities that we report on.

OBJECTIVE

Expana's goal is to produce timely, accurate and reliable price assessments using a clearly defined methodology. We aim to make impartial price assessments that reflect the prevailing market value of a wide range of traded commodities. We seek to provide unbiased information on market developments that is wholly independent of the interests of individual market participants.

PUBLICATION SCHEDULE

Expana publishes its assessments in accordance with schedules that are made publicly available through its website and updated at the start of each calendar year at expanamarkets.com/our-methodology/publishing-schedule.

When a public holiday occurs on the same day as a weekly or monthly assessment, Expana will publish this assessment on an alternative working day. Twice-weekly assessments will usually adhere to this principle, but a decision may be taken not to publish some assessments. Twice-daily or daily assessments will not be published on these days.

On specified days, Expana may decide to observe an early close or a non-publishing day for certain assessments.

PRICE SUBMITTERS

Expana endeavours to proactively contact as many market participants representing different parts of the market as possible for each assessment. However, we welcome price inputs from any market participant who has relevant, non-speculative information that is provided in good faith.

Anyone wishing to share price information is invited to contact the Expana Market Reporting Team at PRA@expanamarkets.com. Access to this email inbox is limited to specific Expana employees to ensure confidentiality of the data. Any price submission is subject to review and verification by our Market Reporting Team.

Only pricing and market information from participants who are free to conduct business with a variety of market participants is acceptable.

Expana is committed to the highest standards of data quality. Any price submitter will need to be available for further clarification and validation after a price input has been submitted, and we will only use a price input in an assessment if we deem the information and its submitter to be bona fide. Expana will consider further criteria as to whether the price submitter's information can be used in the assessment; these include, but are not limited to:

- Price submitter's position within a company;
- Price submitter's knowledge of the market;
- Company reputation;
- Price submitter's credibility;
- Price submitter's ability to verify the information;
- Expana's ability to verify the information in the wider market;
- Completeness of the information provided;

Expana does not regard as binding in any way attempts by companies to restrict communication with their employees.

Expana expects that all price submitters will have familiarised themselves with the Price Assessment Methodology and the relevant Price Assessment Specification Guides.

Expana does not differentiate between price inputs received from subscribers and non-subscribers. To ensure that there is no discrimination between price submitters on this basis, the Market Reporting Team is a distinct team within Expana and does not have access to Expana's subscriber list.

Expana does not publish the identity of price submitters unless approval has been explicitly given by the submitter. This does not impact Expana's commitment to co-operate with regulatory authorities.

Expana's staff are required to report any coercive or threatening communication from market participants or offers of inducements of any kind that are intended to influence an assessment. Where improper communication appears to have taken place, Expana will communicate in the first instance with senior management at the company or companies involved, and if necessary, with the relevant market authorities.

Purposefully reporting false or speculative information without disclosing the nature of that information, or seeking to intimidate a Expana market reporter, may result in the individual or company being barred from submitting price information to Expana in order to uphold the integrity of the assessment process.

ASSESSMENT PROCESS

Data collection

Expana proprietary price assessments are based on a 'market survey' approach whereby market reporters contact a wide range of buyers, sellers, traders, brokers, and any other parties that may have a reasonable understanding of the market during each assessment period. This allows the market reporter to discover and discuss pricing information such as trades, bids, offers, tenders, or any further information that will help discover the true market price in any given assessment period, and ensures that no market participant or market 'side' (e.g. buyers) is overrepresented. In addition, market participants with relevant information are invited to contact Expana's market reporters at any time.

Before using any price input in an assessment, Expana market reporters endeavour to verify the validity of the information received through corroborating data from other sources. Expana may choose not to include a price input in the assessment process if not enough clarity can be provided about the origin and validity of the price input by the provider, or if the information cannot be cross-checked in the market while also upholding the provider's privacy.

To protect the assessment process from key submitter dependency, all prices received must be verifiable, with price submitters needing to be available for further clarification should this be required. To be included in the assessment process, bids or offers must be open to a significant number of market participants and be transactable.

There is no minimum number of price inputs required for assessments to be made. In the event that insufficient or no market data is being received, market reporters may use other data obtained during the assessment period, including spreads, trading relationships with similar items, freight costs, reported changes in supply or demand, or other macroeconomic factors, this is considered 'Editorial Judgement'. Should there be complete opacity and/or illiquidity in the market during a particular assessment period, the assessment may be left unchanged. However, in cases where transactions are infrequent or involve limited volumes, or where a small number of participants represent a significant percentage of the transactional data, Expana reserves the right to suspend the assessment until market activity increases or transactional data from more participants becomes available.

Each assessment has a predetermined data collection period with a cut-off time for data submission. The data collection cut-off times for each assessment are publicly available in the Price Assessment Specification Guides.

Anomalous data, outliers & exclusions

Anomalous data, or outliers, are price inputs that are inconsistent with other price inputs received during the assessment period, a price input that is inconsistent with a price submitter's typical data submission, or a price input where the quality and integrity of the data could not be confirmed. Examples of this would include:

- A buyer that usually submits 'bid prices' or 'transactions' to Expana submits an 'offer price' without any further explanation;
- A price input that is significantly different to other market inputs received during the assessment period without full clarification as to why it is so different.

In the event that a Expana market reporter becomes aware of price inputs not being consistent with other market data, and the market reporter cannot confirm the validity of the submitted data, the price input may be deemed anomalous and editorial judgement may be exercised accordingly. Due to changing market dynamics from one assessment period to the next, and even within assessment periods, it is for the market reporter to decide what constitutes a 'significantly different' price input.

Price inputs that do not relate to competitive market activity, such as intra-company transactions, are excluded from the assessment process.

Data hierarchy

At the end of each assessment period, the market reporter will review all information received and apply a strict data hierarchy, with transactions and competitive, open bids and offers being accorded precedence over indicative price inputs. Bids, offers, and bid-offer spreads will never be averaged.

Normalisation

Commodity markets are complex in nature and transactions can vary considerably in terms of product quality, delivery location, cargo size, and other specific terms of trade. Therefore, non-standard data must be brought into alignment with the standard terms as defined in the relevant Price Assessment Specification Guide through a process of normalisation. This process compares the data against the standard terms in order to ensure that the price assessment conforms to the methodology base standard. This is particularly important during periods of illiquidity, when the market reporter may have to rely on price inputs with non-standard terms to arrive at a representative price assessment.

Examples of non-standard price inputs include transactions involving very large or small volumes of material, product of unusual origin, exceptional geographic locations, non-standard delivery terms or timings, non-standard product quality specifications (e.g. off-spec product), imminent product expiry date, special packaging, combined cargoes, or related products that normally fall outside the scope of the price assessment.

Editorial judgement

After ensuring that all price inputs meet Expana's data quality guidelines, and normalisation as well as the hierarchy of information have been considered, the market reporters will begin the editorial judgement process. This, in the first instance, looks at price inputs that could be outliers or subject to exclusion. A price input that is identified as an outlier would be discarded from the final price assessment. This is not the same as an exclusion, because the price input was considered and reviewed for the assessment.

The received data is then compared to the previous price assessment, previous inputs from the same provider, and price input submissions relating to previous assessments. Editorial judgement is then applied to determine whether external factors should be taken into account. In this case, the market reporter may adjust the assessment in line with indicative price information rather than transactional data or competitive bids and offers.

‘Function of time’ and ‘Bulk of trade’ assessments

Agri-commodity markets have varying levels of liquidity, and Expana’s price assessment process allows for two types of assessment, depending on the nature of the market being covered:

Function of time assessment

Price assessments adhere to the principle that price is a function of time. This methodology ensures that assessments reflect the value as close to the designated cut-off points as possible. For example, the assessment period for a daily assessment run from 16:00:00 GMT the previous day to 15:59:59 GMT (the stipulated cut-off time) on the current day. If transactional data is received reflecting trading activity on both 10:45:15 and 15:25:45, the later transaction would take precedence as it is closer to the cut-off time. This principle acknowledges that prices fluctuate throughout the day or week. By consistently assessing the value at, or as close to, a fixed time as possible, it ensures excellent comparability between assessments.

Bulk of trade assessment

Price assessments represent the transactable value of a given commodity over the entire assessment period, regardless of when individual price inputs are received. For instance, the assessment period for a weekly evaluation might run from 16:00:00 GMT the previous Friday to 15:59:59 GMT (the stipulated cut-off time) this Friday. During this period, a price input received on Monday morning is given equal importance to one received on Friday afternoon.

Transparency

Expana prides itself on bringing pricing transparency to the agri-commodity industry and, as such, is committed to making all data that were used for an assessment available anonymously upon request. Expana understands that data provided may be sensitive and will always respect a data submitter’s privacy.

Expana includes commentaries with selected price assessments. Commentaries may include details of market activity, updates on logistics and weather conditions, changes in the status of production facilities or local inventories, news about developments in related markets, or any other information that the market reporter considers pertinent.

Quality control

All new market reporters at Expana are required to undergo rigorous training prior to assessing or approving proprietary price assessments to ensure that they have the necessary skills for the role.

Each proprietary price assessment has dedicated back-up market reporters to ensure consistency in the standard of price assessments when the primary market reporter is unavailable.

All price assessments must be peer-reviewed prior to publication to ensure that the methodology has been followed and to guarantee consistency and reliability in the price assessment process.

All data submitted to us in any form that we subsequently use in the price assessment process is recorded by the market reporter and then archived by Expana for a minimum period of five years.

On an annual basis, managers undertake a series of spot checks to verify that all market reporters are adhering consistently to the price assessment process set out in the methodology.

All of the above processes are subject to verification by an external auditor on an annual basis to ensure that Expana proprietary price assessments are consistently undertaken in line with the principles set out by the International Organization of Securities Commissions (IOSCO).

CORRECTIONS POLICY

Expana understands the importance that its subscribers place on accurate and high-quality data, and strives to provide proprietary price assessments and market commentaries of the highest quality. However, like with any large-scale processes that have humans at the heart of its operation, mistakes can happen. Expana is committed to correcting any errors related to the price assessment and publication process promptly. We will publish a correction notice publicly on our website, which can be accessed via expanamarkets.com/our-methodology/corrections.

Price assessments are always based upon the information available at the time of the assessment and no correction will be issued on the basis of information that is received after publication, or is subsequently amended, elaborated on, or corrected by the source.

Subscribers seeking clarification in relation to a proprietary price assessment are invited to contact the Expana Market Reporting Team for an explanation of the rationale behind the assessment. Should an apparent discrepancy between the assessment and the methodology be uncovered, a correction will be issued.

COMPLAINTS POLICY

Should a subscriber to our service feel that the methodology for a given proprietary price assessment has been applied incorrectly or inconsistently, a formal complaint may be submitted to Expana's General Counsel.

Expana defines a formal complaint as a written expression of dissatisfaction with our proprietary price reporting service that has been submitted in line with this complaints policy.

Examples could include a complaint about whether a specific price assessment is representative of the market, how the methodology has been applied in relation to the price assessment process, or proposed changes to the methodology.

Complaints regarding our subscription fees are not covered by this complaints policy and should be addressed as part of normal commercial negotiations.

All formal complaints should be clearly labelled as such and should be submitted in writing to complaintsEBP@expanamarkets.com or to our registered company address. Communications should include as much relevant information as possible, in particular:

- Name(s) of the party or parties involved and their contact information;
- The nature of the complaint, together with details of the relevant reports, text or data;
- An explanation of how Expana market reporters have failed to adhere to the methodology;
- Details of failure in any other aspect of our service;
- Copies of any documents in support of the complaint;
- Previous correspondence with Expana market reporters that is relevant to the complaint.

Expana will acknowledge receipt of any complaint within two working days and will provide the contact details of the individual responsible for investigating the complaint.

The designated person will provide at least an initial written response within five working days of receipt. If more time is needed to prepare a detailed written response, this will be indicated in the initial response. A detailed response will be provided within 28 days of receipt of the original complaint, although this may not be enough time to conduct a full investigation.

We encourage complainants to provide as much information as possible in order to avoid delays while we request any further information needed to progress the complaint.

Complaints will be investigated fairly, promptly and confidentially. In all cases, investigations will be conducted independently of any personnel who may be the subject of the complaint.

All complaints will be treated in the strictest confidence, but in some circumstances we may need to verify details of transactions or trade negotiations with counterparties.

Expana policy is not to disclose sources of information without the agreement of those sources or disclose information passed to market reporters in confidence. This includes any such information that may be the subject of a formal complaint.

Once the investigation is complete and a decision has been taken on any appropriate follow-up action, the designated person will inform the complainant of the outcome of the investigation and the actions to be taken (if any).

When a complaint about a proprietary price assessment is upheld, a correction will be issued in line with our corrections procedure.

Where a complaint indicates the need for a review of the methodology, the standard methodology consultation process will apply.

All correspondence relating to complaints will be archived for a minimum period of five years.

INDEPENDENCE OF THE MARKET REPORTING TEAM

The Market Reporting Team has an 'ethical wall' around its internal systems and proprietary data, access to which is restricted to members of the Market Reporting Team, the CEO, General Council, and IT support staff.

The Market Reporting Team exists as a distinct and separate team within Expana; all those who have the authority to act as price assessors have a reporting line through the Chief Market Reporting Officer and cannot have a reporting line, even by way of temporary placement or secondment, outside the Market Reporting Team to avoid any conflicts of interest. The Chief Market Reporting Officers, in turn, must report directly to the Expana Board of Directors to eliminate the possibility that conflicts of interest from other parts of the business could affect a price assessment.

The strict segregation of the Market Reporting Team's proprietary data from the rest of the company is to avoid conflicts of interest, protect the integrity of the price assessment process, and maintain the editorial independence of the Market Reporting Team. Furthermore, the segregation and ethical wall policy protects the identity of industry sources and ensures that any data and commentary which has been submitted remains confidential.

USE OF DATA

Expana emphasises that our price assessments and associated commentaries refer to current and historical transactions only and should in no way be interpreted as forward-looking statements or indicators of future price development.

Subscribers and users of Expana's proprietary prices understand and acknowledge that price assessments, market analyses, and otherwise published content by Expana does not constitute a recommendation to hedge, buy or sell any commodity, financial instrument, security, or other investment, or to engage in any transaction in any jurisdiction. We are not a securities broker, a financial adviser, nor an investment adviser. No content (in words or numbers, whether written, electronic or oral) made available to you constitutes, or is to be taken as constituting, the giving of investment advice by Expana to any person. If you require any advice regarding your options, you should contact a suitably authorised and qualified person.

Decisions based on information contained in our service are the sole responsibility of the user. It is the responsibility of each individual user to verify and confirm all information published by Expana.

Traded financial instruments

At the time of writing, Expana's content and data is not permitted to be used as a reference point in respect of any commercial contracts or other financial instruments which are either: (i) traded or tradable on a UK, EEA, or US trading venue or (ii) through a "Systematic Internaliser" (meaning an investment firm which, on an organised, frequent,

systemic, and substantial basis, deals on its own account when executing client orders outside of a regulated market or trading venue, and includes any entity caught as a Systematic Internaliser under the UK Benchmarks Regulations). Outside of these aforementioned restrictions, and subject to the contract(s) agreed with relevant customers, Expana's relevant content and data may be used as a reference point within non-traded commercial contracts. Outside of these aforementioned restrictions, and subject to contract(s) agreed with relevant customers, Expana's relevant content and data may be used as a reference point within non-traded commercial contracts.

METHODOLOGY CONSULTATIONS AND MODIFICATIONS

Expana is committed to maintaining an inclusive and transparent price assessment process. As part of this, we hold general methodology consultations on an annual basis to ensure that Expana's Price Assessment Methodology meets the needs of our subscribers and the wider market.

Expana encourages all stakeholders to provide feedback, both positive and negative, and engage with the consultation process to ensure that their views are heard. We will make all comments received and not marked as confidential by the sender available upon request, although this information will be anonymised to protect the identity of those who engage with the methodology consultation process.

Any modifications to Expana's Price Assessment Methodology or Price Assessment Specification Guides will be communicated publicly as 'market announcements', which can be found on the company website at expanamarkets.com/our-methodology/market-announcements. Market announcements will be published soliciting feedback and informing subscribers of changes where relevant.

All previous versions of the Price Assessment Methodology and Price Assessment Specification Guides will be archived for a minimum period of five years.



Contact us

For more information on Expana's assessment methodology,
email PRA@expanamarkets.com