

# STEEL MARKET UPDATE

Compliance  
Framework and  
Methodology Guide

July 2022

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# 1 Introduction

This document sets out the details of the structures, processes and group methodologies that help CRU govern its prices. It therefore forms part of the system that ensures our price assessments are reliable indicators of commodity market values, free from distortion and representative of the particular market to which they relate. It should be read in conjunction with the accompanying commodity group Methodology and Definition Guides and Data Provider Code of Conduct.

## 2 Good governance

### 2.1 Governance and internal oversight structure

CRU's governance structure has been designed to provide effective independent internal oversight over price design and development, determination, integrity and issuance.

Our policies, processes and methodologies have been designed to follow International Organization of Securities Commissions (IOSCO) Principles.

The purpose and scope of responsibilities, and criteria to select members to each of the elements are defined below.

#### 2.1.1 CRU Group Executive Committee

Acting on behalf of and advising the Group Executive Board, the Executive Committee sets CRU's strategic direction and manages performance against targets, including delivery of projects against the business plan. In the context of price governance, it acts to:

- Exercise oversight of all governance and compliance matters;
- Ensure overall operability and fitness for purpose of governance and compliance scope and processes;
- Be a decision-making body, though powers to act are delegated to the Governance Committees and the Compliance Department (see below);
- Establish and embed a strong compliance culture.

Executive Committee members are appointed by the Chief Executive, in consultation with the Chairman and consist of the heads and other leaders in the Analysis, Consulting and Events businesses, along with key central functions such as Sales/Marketing, Finance, Human Resource and Information Technology. It meets monthly, manages the operations of the business and reports into the Group Executive Board, led by the Chairman.

#### 2.1.2 Prices Governance Committee

The Prices Governance Committee has operational oversight of all matters relating to price governance and compliance. It advises the Executive Committee on internal controls and governance arrangements and is separate from the Executive Committee. Specific responsibilities are to:

- Review compliance reports;
- Advise the Executive Committee on compliance status and where action is needed to address any instances of relevant non-compliance;
- Direct the work and priorities, and review and approve proposals of Compliance Department with respect to governance and compliance;
- Identify any documentation, process or procedural shortcomings to Compliance Department for action;
- Disclose any material conflict of interest to Regulatory Authority;
- Investigate any complaint relating to prices escalated to it.

The Price Governance Committee members have been selected on the basis that they do not have profit and loss (P&L) accountabilities. These members can therefore apply independent scrutiny and challenge to all relevant matters, regardless of the P&L implication of any subsequent action.

#### Standing agenda items

The Price Governance Committee meets at least quarterly with the following standing agenda items:

1. Review of minutes and actions of previous meeting;
2. Review of compliance reports:
  - a. Compliance failures, if any;
  - b. Data Provider Code of Conduct breach, if any;
  - c. Material conflict of interests, if any;
  - d. Complaints, if any.
  - e. Risk identification and review;
  - f. Review development proposals:
  - g. Methodology or definition changes or developments;
  - h. Market consultations and other stakeholder engagement.
3. Review of actions.

The Compliance Department is responsible for scheduling and minuting the meetings.

#### **2.1.3 Compliance Department**

The Global Head of Compliance's role spans management and coordination of governance and compliance processes, documentation, reporting and enforcement and is to:

- Exercise oversight over compliance documentation and processes;
- Report compliance status to the Price Governance Committee;
- Implement necessary actions with Commodity Team Compliance Leads (see below);
- Oversee any changes to price methodologies, or price cessation;
- Oversee the Code of Conduct for Data Providers and own and manage Data Provider exclusion process and list;
- Act as the first point of contact with auditors and regulators;
- Review conflict of interest and gifts, hospitality and whistleblowing registers, and follow up on the implementation of any required remedial or mitigating actions that may be identified;
- Consider the results of internal and external audits, and follow up on the implementation of and required remedial or mitigating actions that may be identified;
- Train price assessors and other relevant staff on matters of price governance, compliance and price assessment.

Selection of individuals in the Compliance Department in the governance structure is based on the required degree of operational and broader knowledge in the field of compliance, the price determination processes and the capability to manage the day-to-day operations of the governance structure and related processes by coordinating the actions of its other elements.

#### **2.1.4 Commodity Team Compliance Leads**

Commodity Team Compliance Leads form a link between the Compliance Department and price assessment and price determination operations in individual commodity areas. They are therefore somewhat specialised in commodity groups. Governance and compliance roles are within defined commodity areas and are primarily to:

- Hold operational responsibility for ensuring logs (Market Interaction and Benchmark Determination where these are employed or where price determination information is otherwise stored) are accurate, complete and updated in a timely fashion within their identified commodity area/s;
- Report upwards, periodically or as required, on non-compliance with logging requirements, complaints or other issues;
- Periodically review and recommend to the Compliance Department any necessary changes to price definitions or methodologies, and implements any agreed changes;
- With Editors (see below), survey market to test relevance of price, adequacy of methodology and ensure price based on active market;

- Document price definitions and methodologies;
- Manage market consultation operations or delegate this to Editors.

Commodity Team Compliance Leads are selected based on the required degree of operational knowledge in price determination processes and their ability to effectively reach into and draw on knowledge in commodity teams for the purpose of monitoring day-to-day price determination operations and methodology maintenance and development.

### 2.1.5 Editors

Editors control the publication of CRU services which are the principle delivery vehicles for prices. They therefore perform both production process and quality management functions, and in the context of price governance and within defined commodity areas act to:

- Check (directly or through an appropriate delegate) all published prices before publication, referring to Benchmark Determination log where necessary;
- Spot check Benchmark Determination log; assist and informally train/coach Price Assessors (see below);
- Establish measures to detect potentially anomalous submissions and, together with any suspected Data Provider misconduct, report any suspicions to Commodity Team Compliance Leads;
- Seek out and report any other relevant issues/problems to Compliance Leads;
- Oversee any exercise of expert judgment by Price Assessors;
- Ensuring published methodologies have been followed;
- Flag any complaints to Commodity Team Compliance Leads;
- With Price Assessors, understand market requirements and relevance of price and adequacy of definitions and/or methodology against these.

Editors are selected on their specific commodity market and pricing knowledge, and their ability to manage price determination processes within defined commodity areas. The latter include the ability to manage and scrutinise the input and work of Price Assessors.

### 2.1.6 Price Assessors

Price Assessors form the front line in contact with Data Providers. Subject to editorial controls, they determine prices either as their sole function, or in combination with market analysis and monitoring responsibilities. Within defined commodity areas, they form part of the governance structures in that they:

- Establish commodity prices by direct contact with market participants and use of expert judgement;
- Log market interactions;
- Record derivation of final price in Benchmark Determination logs;
- Record any complaints and flag to Editor;
- Monitor market requirements and report upwards any significantly out with current provision;
- Are, like any other employee involved in price determination, subject to *CRU Prices Code of Conduct*.

Price Assessors are selected based on their knowledge and experience in price determination, plus their relevant market knowledge.

## 2.2 Avoiding conflict of interest

Potential conflicts of interest are managed, mitigated or avoided through a combination of contractual obligations, specific policies, non-disclosure agreements/Data Provider agreements which prohibit disclosure of confidential information.

Specific policy and other documents relevant to this area are:

- Conflict of Interest Policy;
- Employee contracts of employment;
- Anti-Bribery & Anti-Corruption Policy;

- Global Whistle-blowing Policy;
- Dismissal and Disciplinary Procedure;
- CRU Prices Code of Conduct ;
- Annual governance conflict of interest review;
- Data Provider Agreements;
- Non-disclosure Agreements

### **2.2.1 Price influence, personal interests & staff reward**

The following measures are in place to guard against price influence:

- All employees are obliged, in the majority of cases contractually, to not trade in financial futures or other financial products that are linked to price indices. Further, no direct ownership of shares in companies in the commodities supply chain are permitted. These obligations are in place to remove any incentive to influence the value of any CRU price for financial gain. Any such conflicts that are in place must be declared immediately and positions unwound within six months, else dismissal may result where there is a contractual obligation;
- All employees are obliged, in the majority of cases contractually, to avoid any outside business interest, direct or indirect, which may interfere with the performance of any duties, including price determination. The permission of the Chief Executive Officer (CEO) is required if employees seek any outside business interest, and the CEO will determine if there is any conflict of interest in consultation with the Global Head of Compliance;
- All employees are required to complete an annual conflict of interest form detailing:
  - a) any directorships and/or partnerships;
  - b) significant shareholdings;
  - c) any possible conflicts created by virtue of the employment, directorships, partnerships or significant shareholdings of Family Members or Close Personal Relationships;
  - d) any memberships of boards, committees or organisations or being a trustee, which may give rise to a potential conflict of interest;
- All employees are obliged to comply with CRU's *Anti-Bribery & Anti-Corruption Policy*;
- Annual price compliance training for employees involved in price determination process.

### **2.2.2 Segregation of reporting lines**

CRU believes its current organisational structure does not generate any conflicts of interest.

### **2.2.3 Supervision**

Price determinations are signed-off according to the process defined below:

1. Price Assessors establishes raw data and price assessment;
2. Editor or appropriate delegate scrutinises all prices before publication:
  - a. Where the Editor is also a price assessor, prices are cross-checked by a Research Manager or another analyst;
  - b. This will be done by analysis of overall implied price trend, specific period-on-period price changes, relation of the specific price to other related commodity prices (for example by examination of price differentials, or trends in those differentials), or ad-hoc random spot checking of prices may be employed.
3. Any discrepancies are followed up with the original price assessor:
  - a. Market Interaction and/or records of benchmark determination may be interrogated;
  - b. Any application of expert judgement may be questioned;
  - c. Further market research may be required to resolve outstanding questions, clarify information already given or seek additional information.
4. Prices initially flagged for investigation will be looked at again by the Editor and either approved for publication else step (3) will be repeated.

### **2.2.4 Data confidentiality and information exchange**

The following measures are used to protect the confidentiality of Data Providers' data, or data produced by CRU:

- All employees are obliged not to disclose confidential information, to any person, for any purpose or person other than CRU and including through failure to exercise due care and diligence;
- Non-disclosure conditions are stipulated in Data Provider agreements in place with certain Data Providers;
- Annual price compliance training for employees involved in price determination process;
- CRU Prices Code of Conduct;
- CRU is committed to fully complying with all the requirements of the European Union General Data Protection Regulation (GDPR), as detailed in CRU's *Data Protection Policy* and *Data Retention Policy*;
- All data submitted to CRU, subsequently processed and up to the point of publication, is held in a secure network conforming to CRU's *Data Protection Policy*.

## 2.3 Whistleblowing mechanism

CRU is committed to conducting business with honesty and integrity, not least in price determination. It views providing an effective whistleblowing mechanism as a key component in supporting good governance and ensuring a healthy and ethical organisational culture.

The general principles, scope and specific whistleblowing mechanism in place as it relates to prices and other wrongdoing are specified in CRU's *Global Whistleblowing Policy*.

## 2.4 Data Provider Code of Conduct

CRU expects its Data Providers to uphold the same ethical and honesty standards as its own employees, and to have in place adequate control measures. As such, they are expected to:

1. Not try to unduly influence the price determination process by:
  - a. Selective data provision. All relevant data should be reported, for example that which is within the specification or could be normalised to meet the required specification by CRU. Data should also be provided in a consistent and in a timely fashion, for example such that omissions are not made in certain periods when it is perceived to be unfavourable by the Data Provider. CRU provides open access to Price Assessors to encourage and facilitate ongoing and regular dialog and provision from Data Providers;
  - b. Knowingly providing false, ambiguous or otherwise misleading data. Data should be adequately defined, and any facet of it which may reasonably be thought to make it inadmissible should be disclosed to CRU.
2. Be prepared to share, and should share where methodologies require, other non-price information. This may include but not be limited to volumes, product specification details, credit terms, shipping costs and counterparty details;
3. Depending on the specific commodity and market, provide supporting information or documentation such as purchase orders where requested by the Price Assessor
4. Adhere to the letter and spirit of all conditions stipulated in any formal agreements between CRU and Data Provider that may be in place;
5. Adhere to the Code of Conduct, policies and follow internal systems and controls set by their employer, including record keeping and conflict of interest policies;
6. Reveal their true identify to CRU, irrespective of the media used to transmit data to CRU. This means, for instance, they should not use another person's email addresses, log-in details or other electronic identities where this is the medium of transmission, without otherwise declaring their true identity;
7. Have a qualified person compile and submit data. This means (in the opinion of CRU) they have significant pricing/industry knowledge and must have access to spot market price information;
8. Consult with CRU if there is any doubt regarding the application of any discretion or judgement in arriving any data to be submitted to CRU, or in the understanding or interpretation of definitions or methodologies relating to the prices they are providing;
9. Accept they may be asked follow-up questions where CRU sees any risk of selective data provision, provision of false, ambiguous or otherwise misleading data and do their best to provide follow-up information about their submissions in a timely manner;
10. Accept that CRU has absolute discretion as to include or exclude and data submitted in the final price determination;
11. Treat CRU employees with courtesy and respect, and not try to coerce, pressurise or otherwise influence them towards a particular price determination.
12. Inform CRU if any of the above cannot be met.

Adherence to the Data Provider Code of Conduct is monitored by the Compliance Department using information supplied by price assessors, Editors or Commodity Team Compliance Leads who are required to report directly to the Compliance Department if they believe there has been any breach. The Compliance Department may also make proactive enquiries of their own towards this objective. Any breaches or suspected breaches are recorded in the CRU Prices Data Provider Code of Conduct Breach Register for analysis and assessment, including the specific element/s of the Code breached or potentially breached, a detailed description of the suspected breach against each element and an assessment if any are wilful and/or consistent. Inclusion on the Breach Register will be notified to the Price Governance Committee, who will also oversee any action/s resulting.

Any Data Provider (individual or company) judged to be in breach will be placed on the Data Provider exclusion list until any action/s which may remedy the situation to the satisfaction of CRU are identified and fully implemented. CRU will work with the Data Provider in good faith to identify and seek such a remedy if possible; otherwise the Data Provider will remain on the exclusion list. Any information provided by the Data Provider during the period they are on the exclusion list will not be admissible as an input to any published CRU price assessment. Any instances of serious wrongdoing revealed in this process will be reported to appropriate regulatory authorities if deemed appropriate by the Price Governance Committee.

## 2.5 Maintaining Price Assessor expertise

The expertise of anyone involved in price assessment is upheld by the following processes and procedures:

### 2.5.1 Pre-joining screening

- As and when vacancies arise, Price Assessors, analysts or others involved in price determination are actively sought from other reputable Price Reporting Agencies, or relevant physical or financial commodity market participants;
- Any potential Price Assessor or anyone involved in price determination are vetted on the basis of capability, experience or suitability for such a role. A two-step interview processes is employed, including in depth-questions and scrutiny tailored to probe capability and competence in price determination;
- At least one stage of the recruitment process is conducted with the relevant Research Manager or higher present, while other interview panel members will include senior staff who have price determination in their remit.

### 2.5.2 Training

- New joiners with no prior price determination experience receive:
  - Formal training, provided to any recruit to CRU who is involved in price determination;
  - Rigorous on-the-job training by the Editor/s of service/s they work on and/or other senior team members. This may involve “shadowing” on market interactions and other practical explanations and training relating to definitions and methodology specific to commodity and/or market areas;
  - Workshops delivered by experienced Price Assessors;
  - Written guidelines.
- Existing staff involved in price determination or an Editor, even if more experienced, may receive the same training;
- New joiners are subject to a six-month probationary period, which requires the line manager to complete a probation form half way through and at the end of the period. In the latter instance, the manager must confirm they are suitable to pass, else extend the probation period or end employment under the relevant terms of the employment contract. The outcomes are recorded on HR file.
- Coordinated by Editors, collective price and market knowledge between individuals working in commodity or market areas is promoted and grown. This is achieved through regular market/commodity market and price discussions and interactions (formal and informal), free sharing of market information, and peer challenge and review;
- In sum, training covers the following:
  - Overview of governance and compliance obligations;
  - Documentation, logs and registers and their value in good governance;
  - Policies and obligations under those;
  - Compliance processes: handling complaints and errors, reviewing Data Provider suitability, reviewing market conditions and consulting with the market, price assessment in practice
  - The operation of commodity markets and supply chains, including the relationships and interests of its constituents;
  - Methodology – design and function, approaches, application;



- Collection of market information and the nature of raw data;
- Use of CRU prices by stakeholders;
- Spotting attempts to manipulate the market.

#### 2.5.3 Periodic review, supervision and control

- Day-to-day supervision and control over Price Assessors and others involved in price determination is achieved via Editors and/or the managers of those concerned, through the course of normal working routines, practices and interactions;
- Adherence to the specific requirements of Price Assessors to log market contact and maintain Benchmark Determination logs is enforced by Commodity Team Compliance Leads, who hold operational responsibility for ensuring these are accurate, complete and updated in a timely fashion within their identified commodity area/s;
- New joiners are subject to a six-month probationary period, which requires the line manager to complete a probation form half way through and at the end of the period. In the latter instance, the manager must confirm they are suitable to pass, else extend the probation period or end employment under the relevant terms of the employment contract. The outcomes are recorded on HR file.
- All CRU staff are subject to periodic and formal performance reviews with their line manager. These provide a way to monitor and control the performance of anyone involved in price determination. While the performance review process is intended to assist staff members to continually develop capability and expertise, they can be used to identify and highlight inadequate performance, and to establish and execute plans to remedy;
- Any substantial performance shortcoming will be addressed through CRUs *Dismissal and Disciplinary Procedure* and *Performance Improvement Plan* process;
- All price assessors and Editors undertake annual refresher training. This will be logged on the Employee's online training record once complete and may be supplemented by training workshops.

#### 2.5.4 Succession planning and cover

- At least two staff can perform price discovery and price determination functions at any one time and for any one price. This is generally achieved through the participation of others who cover related markets, and/or by involving a senior staff member who can assess in the relevant market/s;
- Written notes and records of past market interactions, price determinations and other relevant information serve to support price determination by any covering staff in the relevant time period.
- Commodity Team Compliance Leads are responsible for keeping the succession planning up to date.

## 3 Upholding price quality

### 3.1 Methodology design, data inputs and sufficiency

CRU prices seek to both meet the requirements of their users as well as reflect the realities of the market to which they relate. Therefore price designs differ across commodity markets, with the specifics of their design and the rationale for each detailed in the relevant commodity group Methodology and Definitions guides. These encompass prices which are exclusively transaction based, some which are hybrid transaction and bid/offer based, and others which use other market information and/or expert judgement. Unless specified otherwise in the commodity group Methodology and Definitions guides, where input information is made up of two or more of the following types, priority to them in price determination is given in the following order:

1. Concluded and reported transactions;
2. Confirmed bids and offers;
3. Indicative bids and offers;
4. Opinion;
5. Other market information applied with expert judgement;
6. Extrapolation from prior transactions.

Whatever the information inputs, all CRU prices are anchored in what we understand to be active markets. If we come to believe that is no longer the case, aside from temporary periods of low liquidity, we will potentially withdraw or modify the price, subject to market consultation.

At times of low market liquidity, prices will follow the procedures for price determination in an illiquid market highlighted in the relevant commodity Methodology and Definitions Guide. However, if price discovery is rendered impossible by extraordinary events or circumstances beyond the control of CRU, including war, strike, riot, crime, natural disaster or epidemic, CRU may suspend publication of a price (and enter a “no market” designation in its place) for a temporary period. CRU will notify clients should this happen and the prices that are affected.

Price assessments are based on regular contact with as wide a network of market participants as possible situated at critical nodes in the supply chain. This network is constantly reviewed to seek a balance of buyers and sellers that are representative of the market. Data Providers are not directly paid for data points.

### 3.2 Transparency of price determination

CRU captures input data to a price, including a description of any expert judgement used in combination or in isolation of any such data. In combination with methodology statements, these are to support the understanding how the price was determined.

### 3.3 Price review

CRU reviews market conditions during its price assessment and price determination processes. In addition, we will conduct formal annual reviews of market need and/or market conditions. These may result in cessation or modification of prices as described in section 4.4.

### 3.4 Criteria for including or excluding submitters

Data providers to CRU must:

- Be active in the relevant product/market, meaning they or their organisation are regularly engaged in either buying or selling;
- Have access to data relating to actual spot market transactions (a purchase or a sale), bid/offer information or be able to otherwise provide a credible opinion on such prices in the absence of any transactions over the relevant time period, and therefore typically be employed in sales or marketing functions on the sell side, and purchasing functions on the buy side, or act in a trading function;
- Have a qualified person compile and submit data. This means (in the opinion of CRU) they have significant pricing/industry knowledge and must have access to spot market price information.

At the discretion of CRU, a data provider - person or company - will be excluded from providing price information to CRU if one or more of the following apply:

- There is evidence that they have consistently or wilfully breached any term of the Data Provider Code of Conduct. The exclusion shall apply until the breach is remedied to the satisfaction of CRU;
- They are a person, group or entity subject to sanctions measures imposed by the UK, USA, EU or UK Sanction Lists.. The exclusion shall apply for as long as they appear on this list.
- If, as a result of any formal or informal audit performed by CRU, data submissions have been found to be materially inaccurate, misinformed, misleading or otherwise insufficient. The exclusion shall apply until all shortcomings are remedied to the satisfaction of CRU;
- If we suspect any misuse of our prices by the data provider, including but not limited to infringement of copyright or international property rights.

## 4 Maintaining methodology quality

Certain commodity or market-specific aspects of methodology are included in the commodity group Methodology and Definition guides. The commodity group Methodology and Definition guides are published on [www.steelmarketupdate.com](http://www.steelmarketupdate.com). Common aspects of methodology are detailed below:

## 4.1 Definition of key terms

Key terms are defined in SMU’s Key Terms document. This document is published on [www.steelmarketupdate.com](http://www.steelmarketupdate.com).

## 4.2 Application of expert judgement and consistency

Expert judgement may be applied in the determination of any CRU price. Consistency in its application is achieved through a combination of selection, formal and informal training and review, supervisions and control processes as detailed in section 2.5.

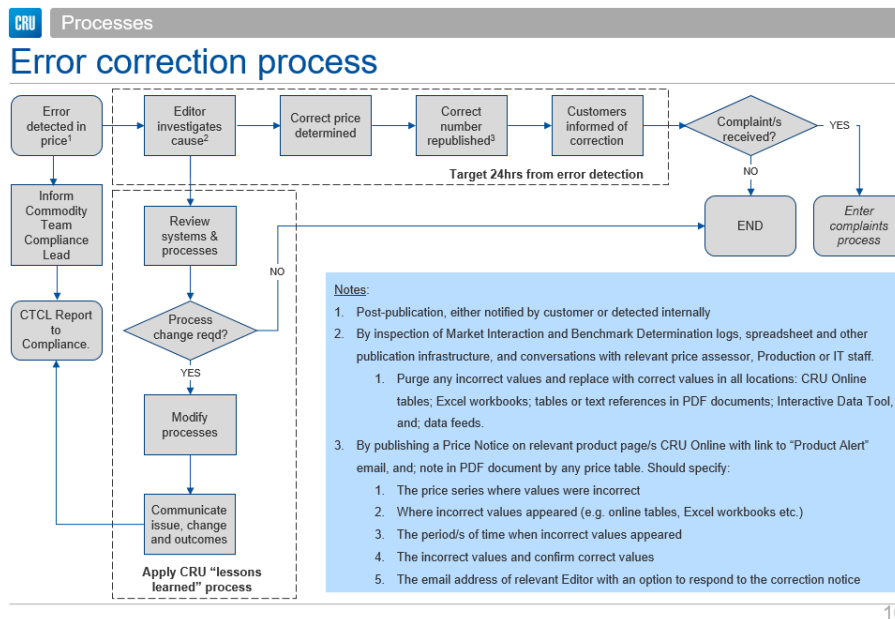
Expert judgement may apply to decisions on what type of price data is submitted; if the deal is executed at arms-length; if normalisation of price data submitted is required; the means of any normalisation, and; the inclusion of a data point in the calculation of the final price (exclusion of outliers).

A pricing analyst will consult with one or more colleagues before any application of expert judgement if in any doubt or where collective input would improve the quality of a judgement.

## 4.3 Error detection and corrections

An erroneous price value is defined as one which results from: improper use of information provided by Data Providers; lack of adherence to methodology; incorrect application of expert judgement, slips or lapses such as a typographical, spreadsheet formulae, or translation errors, or; technical/IT errors or failures. An error is not considered to have been generated if new or different information is received from Data Providers after the period of permissible submission has closed, or if there is any ambiguity in identification of any of the above error sources.

The following graphic outlines the error correction and resolution process in cases where a clear error in a published price has been detected:



The process is:

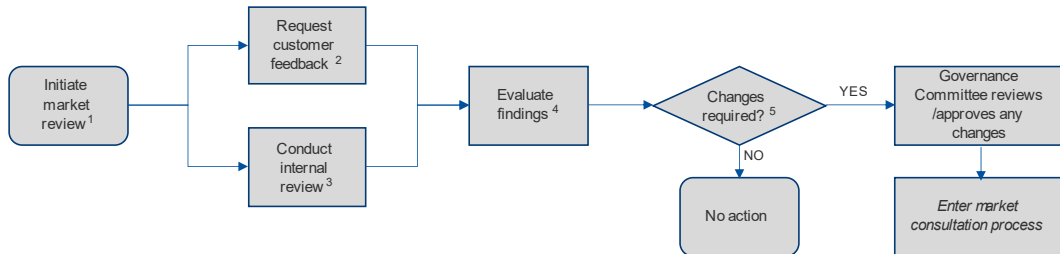
1. The Editor of the service in which the erroneous price was detected informs the Commodity Team Compliance Leads of the details of the error. The Commodity Team Compliance Leads ensures this is reported to the Compliance Department and Price Governance Committee, either in the next scheduled compliance report or immediately if deemed sufficiently impactful, for example where the error impacts a significant number of price users and where that would be commercially impactful;
2. The Editor investigates the cause of the error by inspection of call and Benchmark Determination logs, spreadsheet and other publication infrastructure, and conversations with relevant price assessor, Production or IT employees;
3. The Editor determined the correct price and republished this. This may involve the purging of any incorrect values and replacement with correct values in all locations: CRU Online tables; Excel workbooks; tables or text references in PDF documents; Interactive Data Tool, and; data feeds;
4. All customers of the price are informed of the correction by publishing a price notice on relevant product page/s CRU Online with link to “Product Alert” email, and; note in PDF document by any price table. This should specify:
  - a. The price series where values were incorrect;
  - b. Where incorrect values appeared (e.g. online tables, Excel workbooks etc.);
  - c. The period/s of time when incorrect values appeared;
  - d. The incorrect values and confirm correct values;
  - e. The email address of the relevant Editor with an option to respond to the correction notice.
5. If any complaints resulting from the change to a published price are received, these follow the complaints process as detailed in section 5.1;
6. The Editor should then review current systems and processes and determine if that was a contributing factor to the error generation;
7. If yes, a process review should be initiated, changes made if required, and the changes and outcomes reported to the Compliance Department and Price Governance Committee.

#### **4.4 Internal review, methodology changes or price cessation**

##### **4.4.1 Internal review and methodology changes**

Methodologies and definitions are subject to annual review, or more frequently if market feedback requires, as part of the underlying market conditions review process shown below. The Compliance Department is accountable for the launching and overall operation of the formal annual review process. Commodity Team Compliance Leads and Editors are responsible for conducting the review with Editors and making recommendations to the Compliance Department resulting from any feedback from the reviews.

## Underlying market conditions review



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### Notes:

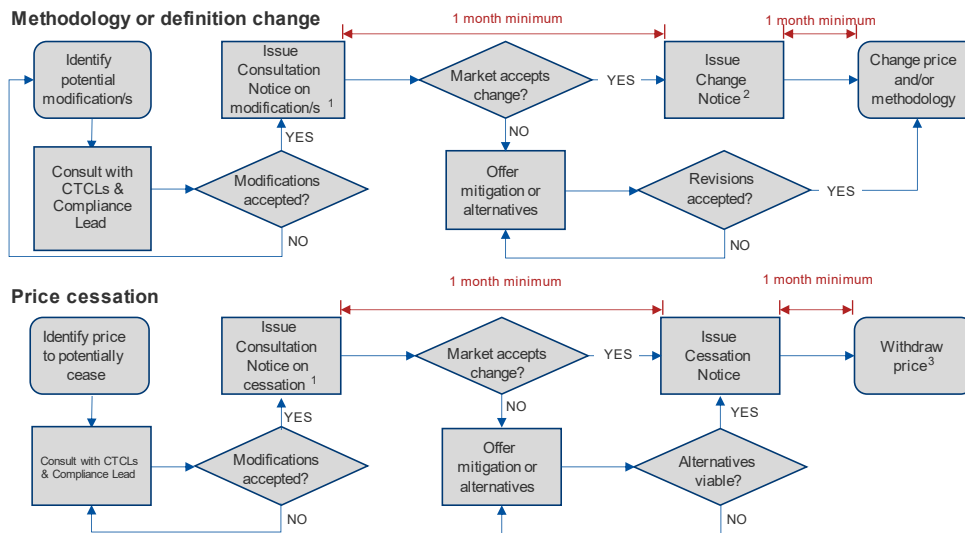
1. Review lead by the Compliance Department and CTCLs. An annual cycle with any required changes implemented before start of next cycle; The market review is at least annual. Additional reviews, formal or informal, may be initiated at any other time;
2. Questionnaire sent to all customers via CRU Online requesting their opinions on the price service and commodity market;
  - a) Please describe any changes to the methodologies or specifications applicable to prices CRU currently publishes that you would like to see. Please make reference to specific products and/or markets, and the reasons behind any suggestions where applicable.
  - b) Please highlight any prices you would like to see that CRU does currently not publish, citing reasons why these are important to you.
  - c) Is there any other comment you would like to make on CRU prices in general?
  - d) What are the current CRU prices you value most?
3. Internal review led by to determine, in the context of market requirements if any changes needed:
  - a) Removals
  - b) Additions
  - c) Changes to methodology or definitions (specifications)
4. Consider results of (2) and (3) and use to identify prices to potentially discontinue or have their methodologies and/or specifications be materially revised;
5. Global Head of Compliance presents any recommended changes to the Governance Committee. If the changes are approved the Editors can launch formal market consultation process.
6. Any changes to methodology resulting from such a review or any other reason must follow the market consultation process.

#### 4.4.2 Methodology changes

Any changes to methodology resulting from a review or any other reason must follow the procedure set out in the graphic below (upper section), which includes providing an explanation of the rationale for any potential change at the time the consultation period is initiated, and the length of consultation and notification periods:

CRU Processes

## Market consultation process



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**Notes:**

1. Price Notice published on CRU Online outlining the proposed change/s and the rationale for them, a date and means by which feedback should be given and the earliest date any change would be enacted.
2. Unless requested to be confidential, a summary of comments may be published to stakeholders at this point
3. Even if a decision is made to discontinue a price, CRU may continue to publish a benchmark for a defined period of time if consultation results suggest this would be helpful to the market.
4. Any new prices will be shadow tested for 6 months prior to release.

A change to methodology is considered material if one or more of the following apply:

1. There is a change (widening or narrowing) in the type of data input admissible to the price, for example between transaction, bid/offer, other market information or expert judgement;
2. If there is a change in the calculation methodology of the price, for example if strict volume weighting replaces expert judgement in the use of price data points;
3. If there is a definitional change, for example: physical commodity (dimensions, chemistry or other physical attribute); incoterms (pricing basis); payment terms; minimum acceptable volumes, and; application of taxes, duties or tariffs, price extras or surcharges (if applicable).

### 4.4.3 Price cessation

Any cessation of a price must follow the procedure set out in the graphic above (lower section), which includes providing an explanation of the rationale for potential cessation at the time the consultation period is initiated, and the length of consultation and notification periods.

Where appropriate and possible, CRU will consider offering the following measures to customers or other stakeholders in order to mitigate the impact of the proposed price cessation:

1. Recommendation of a related price, and guidance on the relationship (similarities and differences) with that which may be withdrawn in the context of use of the prices;
2. Maintain the old price in parallel with any new price that may replace it, for a defined period of time;
3. Delaying the cessation of the price for a defined period of time.

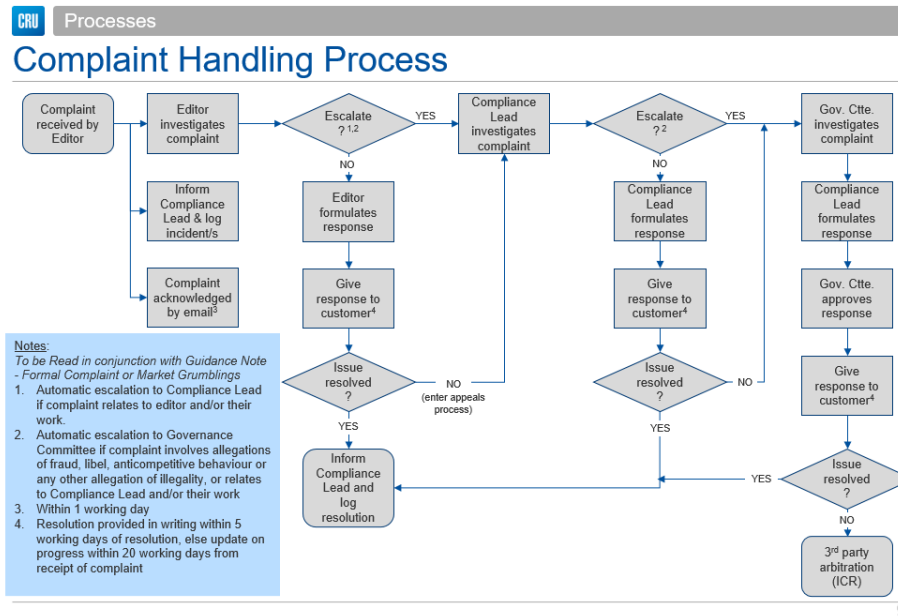
## 5 Ensuring accountability

### 5.1 Complaints process

Consistent with its corporate values, CRU strives to provide the highest quality of service to its customers and other stakeholders. However, we may not always be perceived to get things right, and so have a complaints process and policy to handle formal complaints.

#### Process

The following graphic outlines the complaint initiation, escalation and resolution process.



The process is:

1. Formal complaints should be sent to the relevant product Editor in the first instance;
2. The Editor must inform the Compliance Department that a formal complaint has been lodged, and log the complaint (the complainant and details of the complaint);
3. The Editor, or if escalated the investigating person, should acknowledge receipt of the complaint to the complainant by email within 1 working day;

4. The Editor is responsible for investigating the complaint unless the complaint relates to their work. In this case, the complaint will be investigated by the Compliance Department;
5. In cases of complaints against the Editor, the complaint will automatically be escalated to the Compliance Department. Otherwise the Editor will decide if escalation is necessary;
6. If no escalation, the Editor will investigate the complaint, formulate and communicate a response to the complainant.
7. If the response is accepted, the issue will be considered closed, and the Compliance Department will be informed of that outcome which will be logged;
8. If the issue is unresolved, the Compliance Department will investigate the complaint, formulate and communicate a response to the complainant. If this is accepted, the issue will be considered closed;
9. If the issue is unresolved, the Compliance Department will refer the complaint to the Price Governance Committee, who will formulate and communicate a response to the complainant. If this is accepted, the issue will be considered closed;
10. Any complaint will be automatically escalated to the Price Governance Committee if it involves allegations of fraud, libel, anticompetitive behaviour or any other allegation of illegality, or relates to Compliance Department and/or their work. In these cases, the complaint may also be referred to CRU's legal counsel;
11. If the issue still remains unresolved after (9), the matter may be referred to third-party arbitration by the Independent Complaints Reviewer (ICR) appointed by CRU. This should happen no later than six months from the time of the original complaint;
12. Whatever the internal escalation route or otherwise, the CRU will seek to resolve the complaint within 20 working days. Should the nature or complexity of the complaint require additional time to investigate, the complainant should be informed within the same 20 days that the matter is still being investigated, and an expected resolution date given;
13. Complaints regarding the specific value of any published price may not result in that price being retrospectively adjusted, even if the complaint is upheld.
14. The outcome of a complaint investigation will be provided to the complainant and any other relevant party within 5 working days from resolution of the complaint.

Recourse to Independent 3<sup>rd</sup> Party arbitration: If a complainant is dissatisfied with the way a complaint has been handled, an independent 3<sup>rd</sup> party arbitration service may be appointed within six months of the date of written submission of the original complaint to investigate and resolve the issue. The cost of the 3<sup>rd</sup> party arbitration service shall be borne by CRU in the event that the complaint is upheld and otherwise borne by the complainant. For recourse the complainant must make the written complaint, appeal for review and recourse to an independent 3<sup>rd</sup> party arbitration service, if necessary, within six months of the date of the original complaint.

## 5.2 Audit, document retention and cooperation with regulatory authorities

CRU will appoint an independent external auditor with appropriate experience to periodically review adherence to its stated methodologies and any regulatory requirements. Where required in relation to specific prices (e.g. Commodity Prices that may fall under the scope of European Benchmark Regulations or are subject to IOSCO assurance review ) such audits will be annual.

In relation to CRU published China Prices, the Compliance Department will conduct an annual evaluation in the first quarter of each year regarding compliance with the NDRC Administrative Measures for the Price Index Behavior of Important Goods and Services. The evaluation will be published to subscribers.

The Global Head of Compliance is the first point of contact with auditors and regulators.

In addition, CRU will periodically conduct internal audits, the findings of which will be reported to the Price Governance Committee.

All documents relating to at least the following are stored securely and confidentially for a minimum of five years: procedures and methodologies; identities of Data Providers; relevant communications between Data Providers and CRU; information supplied from data providers; derivations of price assessments; records of verification processes, logs of conflict of interest, gifts and hospitality, Data Provider Code of Conduct breaches, whistleblowing instances, queries or complaints to CRU, including those regarding data or information received, and; findings in internal or external audits.



On request, CRU will promptly make available relevant documentation and audit trails to any relevant regulatory authorities in carrying out their regulatory or supervisory duties.

END

Approved by the Prices Governance Committee July 2022