



# Fastmarkets RISI

Policies, processes and control activities relating to selected price assessments and their adherence with the International Organization of Securities Commissions ("IOSCO") Principles for Oil Price Reporting Agencies ("PRA Principles")

**31 March 2024**

**DISCLAIMER** – This report has been prepared to reflect how RISI Inc., which operates under the brand Fastmarkets, has applied the IOSCO Principles for Oil Price Reporting Agencies across its relevant price assessments and specifically to address Principle 2.21. BDO LLP ("BDO") has been selected to fulfil the requirements of Principle 2.21 which requires "*An external auditor... to review and report on the PRA's adherence to its stated methodology criteria and with the requirements of the principles*".

For the avoidance of doubt, Fastmarkets RISI and BDO accept no duty of care or responsibility to the recipient or any other party into whose hands this report may come and you are not permitted to copy or forward the report to any other parties.

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# **Section I:**

## **Price Assessment Framework Overview**

Policies, processes and control activities relating to selected price indices and their adherence with the International Organization of Securities Commissions ("IOSCO") Principles for Oil Price Reporting Agencies ("PRA Principles")



# Price Assessment Framework Overview

## Introduction

The International Organization of Securities Commissions ("IOSCO") published the PRA Principles for Oil Price Reporting Agencies ("PRAs") (thereafter, the "Principles") on 5 October 2012. These were consequently endorsed by the G20 in November 2012. They cover governance, control, integrity and conflict management in relation to commodity benchmark price assessments published by PRAs. At present, PRAs are encouraged to extend adherence to the principles to other commodity benchmark price assessments, not just those relating to oil. Fastmarkets provides benchmark commodity metal price assessments for the global metal industry and benchmark forest products assessments and indices for the global forest products industry. Fastmarkets, in keeping with its commitment to provide commodity prices that are fair, consistent and reliable, has voluntarily adopted and implemented the Principles.

BDO LLP ("BDO") has been appointed to provide independent assurance over Fastmarkets RISI's ("Fastmarkets") policies, processes and control activities listed in Section IV – "Fastmarkets' Response" in respect of its adherence to the Principles, with respect to the in scope commodity forest products price indices.

EU Benchmark Regulation (BMR) has now also been in effect since 1 January 2018. As per guidance by the European Securities and Markets Authority (ESMA) in December 2019, this assurance review by an independent external auditor is sufficient to demonstrate compliance with the requirements of BMR for commodity benchmarks (paragraph 18 of Annex II).

Some of the prices published by Fastmarkets are in scope of BMR are administered by Fastmarkets Benchmark Administration Oy (FBA Oy). FBA OY was incorporated in Finland in December 2020 and received its BMR authorisation in February 2021 to administer all benchmarks that are in scope of the BMR. However, none of the audited prices in this report are currently in scope of BMR.

Principle 2.20 of IOSCO is not in scope for this report because the principle is a statement of intention.

## Overview

Fastmarkets publishes news, fundamental data, pricing information and other analysis for the metals, mining, forest products and agriculture markets and acts as the operational brand of RISI, which is a wholly owned subsidiary of Fastmarkets Global Limited ("the Group").

Fastmarkets aims to provide leading pricing intelligence, including independent industry price assessments and indices, for the metals, mining, forest products and agriculture industries. The group's global portfolio of news, analysis, conferences and insight services complement these price assessments and indices.

Fastmarkets' price reporters assess more than 5,000 non-ferrous, ferrous, raw material and non-metallic mineral prices, as well as pulp and paper, wood products, timber and biomass, nonwovens and grains and biofuel prices, many of which are the industry-standard price assessments and indices that are trusted and used across the industry supply chain. Fastmarkets is a completely impartial and independent PRA - it engages with all sides of the market including sellers, buyers and traders, during the price-discovery



process.

Fastmarkets' assessments and indices are used by clients for contract pricing and internal applications. The world's major exchanges (such as SGX and CME) use Fastmarkets' prices to settle financial and risk management contracts.

Fastmarkets' team of reporters have a leading breadth and depth of metals, minerals, forest and agriculture products expertise; Fastmarkets' footprint ensures global coverage. Fastmarkets' market reports, commentary and analysis deliver in-depth data on the metals, mining, forest and agriculture products markets, allowing businesses to understand and track key changes in the markets and to stay competitive.

Whether for the production, trading, purchasing or consumption of metals, Fastmarkets can ensure organisations have a comprehensive package of dependable prices and actionable market intelligence. Fastmarkets can provide data to businesses, delivered to suit any needs, including XML data feeds.

Fastmarkets' business is defined by the integral position of its data within the markets it serves. Over time, the prices assessed and published by Fastmarkets have become the established price assessments used by the industry for reference pricing in contracts and enabling trading in many markets to function effectively.

The market shift towards price assessment and index benchmarking has also brought greater scrutiny to the processes in terms of compliance. Fastmarkets has applied industry-wide principles that have been laid down primarily for the oil and energy markets and is now able to use that as an additional competitive advantage, underlining the credibility and integrity of the business and the data it provides.

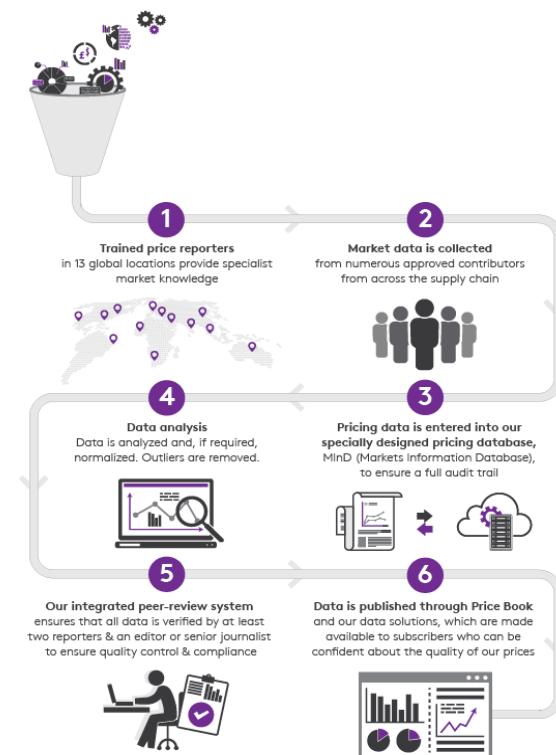
The proliferation of the use of its data as price assessments and indices has allowed Fastmarkets to go through a rapid business change across the organisation that puts the emphasis on being a PRA. This has led to a shift in the way Fastmarkets' data and content is monetised and has thus allowed adoption of a new data licensing strategy alongside the traditional subscription-based model.

To augment the high-quality data produced, Fastmarkets provides key exchange data to complement the physical price assessments and indices it provides through a highly versatile and configurable desktop application that can be scaled into the vertical sectors of the markets it serves.

The investment and changes that the Group is making in Fastmarkets are examples of the strategy of investing in big themes, such as price discovery, to position the Group for future growth.



## PRICING DISCOVERY PROCESS DIAGRAM



## CONTROL ENVIRONMENT

### Methodologies

Wholly independent and transparent methodologies and price specifications are central to Fastmarkets' price assessments.

### Code of Conduct

Fastmarkets has a Code of Business Conduct that sets guidelines for employees to adhere to during their daily business activities. All Fastmarkets employees must act with the highest standards of personal and professional integrity and comply with all applicable laws, regulations and Fastmarkets' policies.

### Policies and Procedures

Fastmarkets uses a range of policies to ensure that its quality and integrity standards for market data are followed by its employees. The core policies and procedures are clearly identified and available to all employees.

The core policies and procedures include:

- Code of Business Conduct
- Conflict of Interest Policy
- Data Submitter Policy
- Contributor Approval Policy
- Methodology Review and Change Consultation Process
- Corrections and Delays Policy
- Complaints Handling Policy
- Pricing Procedure
- Art & Science of Price Reporting Policy



- Antitrust and Competition Law Policy
- Editorial Hiring Guidance & Editorial Commercial Guidelines

The majority of Fastmarkets' policies and procedures are publicly available; those that are not, are internal documents that contain confidential information. Fastmarkets' policies and documents are reviewed on at least an annual basis.

### **Training, Development and Recruitment**

Fastmarkets employs highly skilled market assessors who are sufficiently trained and experienced, including the ability to cover markets, if a primary market assessor were to become unavailable, as needed. Fastmarkets price reporting teams plan the back-up for each market reporter, enabling sufficient coverage. New employees go through a stringent on-boarding process that includes mandatory training on an intensive basis.

### **Segregation of Duties**

Fastmarkets functionally separates departments, job functions and system access that are incompatible with the pricing division or would create an appearance of a conflict of interest. The editorial department is segregated from the Marketing and Sales departments.

### **Price Database and Two-Level Approvals**

Fastmarkets has unique systems and technology infrastructure that ensure data integrity at every stage. Fastmarkets' price database, Market Information Database (MInD), enforces strict pricing procedures, security of data, consistency and accountability. Used by Fastmarkets' entire network of global price reporters, MInD's integrated peer review system ensures that the assessment follows established Fastmarkets methodology and that the logic underpinning the assessment is well supported before publishing and provides a clear audit trail.

### **External Auditing**

RISI Inc. engaged BDO to provide independent assurance over Fastmarkets' description of the policy statements, processes and control activities as at 31 March 2024 relating to the in scope price assessments to address the IOSCO Principles.

### **Scope**

The following list specifies the price assessments that are included within the scope of this assurance. These price assessments have all been subject to reasonable assurance for the year from 1 April 2023 to 31 March 2024.

- **RISI Asia**
  - NBSK CIF China - RISI
- **Random Lengths**
  - Kiln-dried southern yellow pine(westside) 2 2x4 rl fob mill
  - Kiln-dried southern yellow pine (eastside) 2 2x4 rl fob mill
  - Kiln-dried eastern spruce-pine-fir 1&2 2x4 rl delivered Great Lakes
  - Kiln-dried western spruce-pine-fir 2&btr 2x4 rl mill prices
  - Coast kiln-dried douglas fir 2&btr 2x4 rl fob mill
- **Oriented Strand Board**
  - Oriented strand board sheathing (Southwest) 7/16-inch fob mill
  - Oriented strand board sheathing (Southeast) 7/16-inch fob mill



- Oriented strand board sheathing (Western Canada) 7/16-inch fob mill
- **RISI USA**
  - RISI US OCC Midwest – RISI
- **Linerboard**
  - Unbleached Kraft Linerboard 42-lb US East (Open Market Price)
  - Recycled Linerboard 30-/31-lb US East

# **Section II:**

## **Directors' Statement of Adherence**



## Directors' Statement of Adherence

As the Directors of RISI Inc., we are solely responsible for and have designed, implemented, operated and monitored compliance with policies, processes and control activities that adhere to the Principles for Oil Price Reporting Agencies published by the International Organization of Securities Commissions (the "PRA Principles") for the in-scope price assessments listed in Section I.

We are also responsible for this Statement of Adherence and Fastmarkets' Response to the PRA Principles presented in this report including the policies, processes and control activities designed to address the PRA Principles.

We confirm that, for all price assessments in scope:

- Section IV of the accompanying report fairly presents the Company's detailed responses to the PRA Principle as at 31 March 2024; and
- The processes and control activities in respect of the in scope price assessments have operated as described, throughout the period from 1 April 2023 to 31 March 2024.

DocuSigned by:

A handwritten signature in black ink, appearing to read "Raju Daswani".

0B7D56D474A249C...

Raju Daswani  
Director  
For and on behalf of Board of Directors of RISI Inc.  
18 April 2024

# **Section III:**

## **Independent Assurance Report**

# Independent Practitioner's Assurance Report to the Directors of RISI Inc. (the "Company"), in respect of the Company's Response to the Principles for Oil Price Reporting Agencies

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We were engaged by RISI, Inc. (the "Company") to report on the Company's accompanying description of the policies, process and control activities as set out in Section IV, that have been put in place to adhere to the Principles for Oil Price Reporting Agencies published by the International Organization of Securities Commissions (excluding Principle 2.20, the "PRA Principles") as at 31 March 2024 for in scope benchmark price assessments listed in section I. In addition, for Category 1 benchmark price assessments, we also report on whether the process and control activities identified in the Company's Response have operated as described, throughout the period 1 April 2023 to 31 March 2024.

## Responsibilities of the Directors

The Directors are responsible for preparing the Statement of Adherence to the PRA Principles, set out and supported by the detailed responses to the PRA Principles in Section IV. They are also responsible for ensuring that the Company designs, implements and monitors compliance policies, process and control activities that adhere to the PRA Principles.

The Directors are responsible for reporting the results of the audits to the Board of FBA Oy, who shares them with the FIN-FSA and makes them publicly available where required under the BMR. If requested, the Directors shall arrange for FBA Oy to meet with BDO and ask questions about performance related to the provision of benchmarks and the quality of the audit.

## Our Responsibilities

Our responsibility is to undertake an assurance engagement and examine the Company's detailed responses to the PRA Principles, as set out in Section IV, in respect of the in scope price assessments, and report thereon in the form of an independent assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board and with regard to the ICAEW's guidance within Technical Release Tech 02/14FSF 'Assurance reports on benchmarks and indices'.

The standard requires that we:

- comply with the requirements of Parts A and B of the Code of Ethics for Professional Accountants, including independence, issued by the International Ethics Standards Board for Accountants (the IESBA Code);
- implement quality control procedures that are applicable to the individual engagement in accordance with the requirements of International Standard on Quality Management (ISQM 1), Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements; and
- plan and perform our procedures to obtain sufficient evidence to express a meaningful level of assurance report in connection with Company's Response to the PRA Principles, as set out in Section IV, in respect of the price assessments.

It is our responsibility to plan and perform our procedures to obtain sufficient evidence to express a meaningful level of assurance report in connection with Company's Response to the PRA Principles, as set out in Section IV, in respect of the in scope price assessments. In connection with the in scope benchmark price assessments, we report to you, in our opinion, based on the results of our work (which is further described below) whether the Company's Response in Section IV is fairly stated, in all material respects as at 31 March 2024 and whether the process and control activities therein have operated as described during the period 1 April 2023 to 31 March 2024.

## Scope of the Assurance Engagement

The objective of an assurance engagement is to obtain such appropriate evidence as we consider sufficient to enable us to express our conclusions. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our engagement includes examination, on a test basis, of evidence relevant to assessing (i) the Company's Response to the PRA Principles, excluding Principle 2.20, for the in scope benchmark price assessments, and (ii) whether process and control activities have operated as described in respect of the in scope benchmark price assessments throughout the year 1 April 2023 to 31 March 2024. Our procedures are described in the Practitioner's Testing column in Section IV of this report. The procedures selected depend on our understanding of the Company's Response to the PRA Principles and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise, whether due to fraud or error.

Our procedures were not sufficient to enable us to conclude on the suitability of design of the policies process or control activities in place to address the PRA Principles. While the Company's Response may be informed by the need to satisfy legal or regulatory requirements, our scope of work and our conclusions do not constitute assurance over compliance with those laws and regulations.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

## Conclusions

### *Reasonable assurance opinion*

In our opinion, based on the results of our procedures:

- RISI, Inc.'s Response to the PRA Principles, with the exception of Principle 2.20, in respect of all in scope benchmark price assessments, as set out in Section IV, as at 31 March 2024 is fairly stated in all material respects; and
- The process and control activities have operated as described, throughout the period 1 April 2023 to 31 March 2024.

## Restriction of Use of Our Report

This report is made solely for the use and benefit to the Directors in connection with principle 2.21 of the PRA Principles. Our work has been undertaken in accordance with our agreement dated 18 January 2024 so that we might state to the Directors those matters we are required to state in an independent assurance report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility and deny any liability to any party other than the Directors and the Company for our work, for this report, or for the conclusions we have reached.

Our report is released to Directors on the basis that it shall not be copied, referred to or disclosed, in whole or in part, without our prior written consent.

## Other information

The information included in Section I describing the Company's Overview, Corporate Structure and Governance, reporting best practice and in scope benchmark price assessments are presented by the Directors to provide additional information and is not part of the Company's Response to the PRA Principles. Such information has not been subjected to the procedures applied in the examination of the Company's Response to the PRA Principles, related to the reporting of benchmark price assessments, and accordingly, we express no opinion on it.

BDO LLP

BDO LLP  
Chartered Accountants  
London,  
United Kingdom  
18 April 2024

*BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).*

# Section IV:

## **Principles, Fastmarkets' Response and Practitioner's Testing**

# Principles, Fastmarkets' Response and Practitioner's Testing

## Introduction

The table below sets out the Response of Fastmarkets RISI ("Fastmarkets") in terms of how it adheres to each of the PRA Principles. Fastmarkets' Response is separated into Context, Policy Statements and Process and Control Activities.

The accompanying 'Practitioners' Testing' summarises the work performed by BDO to validate that the Policy Statements and Process and Control Activities, summarised by Fastmarkets, are reflective of working practices. This supports the Directors' Statement of Adherence and Independent Assurance Report as documented in Sections II and III, respectively.

The validation approach is summarised below:

<b>Fastmarkets' Response</b>	<b>Practitioner's Testing</b>
	<b>Validation Approach</b>
<b>Context</b>	Where used, this section includes background information only and therefore was not validated.
<b>Policy Statement (PS)</b>	Checked for existence of the Policy or Methodology in line with what has been described in Fastmarkets' Response as at 31 March 2024.
<b>Process and Control Activity (PCA)</b>	Checked on a sample basis of whether a process and control activity has operated as described in Fastmarkets' Response throughout the period of 1 April 2023 to 31 March 2024.



IOSCO Principle	Fastmarkets' Response	Practitioner's Testing
<b>1. Quality and Integrity of PRA Methodologies</b>		
<b>Methodology</b>		
<p>1.1 A PRA should formalise, document, and make public any methodology that it uses for a price assessment.</p>	<p><b>Context</b></p> <p>The relevant Fastmarkets Methodologies (the "Methodologies") for this assurance review and covering all price assessments listed in Section I of this report are:</p> <ul style="list-style-type: none"> <li>• Fastmarkets RISI Methodology; and</li> <li>• Specification Global Market Pulp</li> </ul> <p><b>Process and Control Activities</b></p> <p>The Methodologies are formalised, documented and publicly available on the Fastmarkets RISI website:</p> <ul style="list-style-type: none"> <li>• NBSK CIF China: <a href="https://www.fastmarkets.com/uploads/2023/12/Fastmarket_Price_Methodology_Global_Pulp_June_2023-1.pdf">https://www.fastmarkets.com/uploads/2023/12/Fastmarket_Price_Methodology_Global_Pulp_June_2023-1.pdf</a></li> <li>• Southern Yellow Pine – Random Lengths: <a href="https://www.fastmarkets.com/uploads/2023/12/Fastmarket_Price_Methodology_General_Pulp_June_2023-1.pdf">Forest products: Random Lengths International - Fastmarkets</a></li> <li>• Unbleached Kraft Linerboard/ Recycled Linerboard and Boxboard: <a href="https://www.fastmarkets.com/uploads/2023/11/Fastmarket_Price_Methodology_NA_Packaging_Paper_and_Boxboard_November-2023.pdf">https://www.fastmarkets.com/uploads/2023/11/Fastmarket_Price_Methodology_NA_Packaging_Paper_and_Boxboard_November-2023.pdf</a></li> <li>• US OCC Midwest: <a href="https://www.fastmarkets.com/uploads/2023/11/Fastmarket_Price_Methodology_NA_Recovered_Paper_Oct_2023.pdf">https://www.fastmarkets.com/uploads/2023/11/Fastmarket_Price_Methodology_NA_Recovered_Paper_Oct_2023.pdf</a></li> <li>• Oriented Strand Board: <a href="https://www.fastmarkets.com/methodology/forest-products/north-america-panels">https://www.fastmarkets.com/methodology/forest-products/north-america-panels</a></li> </ul>	<p><b>Process and Control Activities</b></p> <p>BDO inspected the following websites and noted that the Methodologies are formalised, documented and publicly available:</p> <ul style="list-style-type: none"> <li>• NBSK CIF China: <a href="https://www.fastmarkets.com/uploads/2023/12/Fastmarket_Price_Methodology_Global_Pulp_June_2023-1.pdf">https://www.fastmarkets.com/uploads/2023/12/Fastmarket_Price_Methodology_Global_Pulp_June_2023-1.pdf</a></li> <li>• Southern Yellow Pine Random Lengths: <a href="https://www.fastmarkets.com/uploads/2023/12/Fastmarket_Price_Methodology_General_Pulp_June_2023-1.pdf">Forest products: Random Lengths International - Fastmarkets</a></li> <li>• Unbleached Kraft Linerboard/ Recycled Linerboard and Boxboard: <a href="https://www.fastmarkets.com/uploads/2023/11/Fastmarket_Price_Methodology_NA_Packaging_Paper_and_Boxboard_November-2023.pdf">https://www.fastmarkets.com/uploads/2023/11/Fastmarket_Price_Methodology_NA_Packaging_Paper_and_Boxboard_November-2023.pdf</a></li> <li>• US OCC Midwest: <a href="https://www.fastmarkets.com/uploads/2023/11/Fastmarket_Price_Methodology_NA_Recovered_Paper_Oct_2023.pdf">https://www.fastmarkets.com/uploads/2023/11/Fastmarket_Price_Methodology_NA_Recovered_Paper_Oct_2023.pdf</a></li> <li>• Oriented Strand Board: <a href="https://www.fastmarkets.com/methodology/forest-products/north-america-panels">https://www.fastmarkets.com/methodology/forest-products/north-america-panels</a></li> </ul>



IOSCO Principle	Fastmarkets' Response	Practitioner's Testing
<p>1.2 A methodology should aim to achieve price assessments which are reliable indicators of oil market values, free from distortion and representative of the particular market to which they relate.</p>	<p><b>Policy Statement</b></p> <p>The Methodologies are market-specific methodologies that are tailored to the global pulp markets, wood products industry and packaging paper and board markets.</p> <p>Please refer to Principle 1.3 (a) – (h) for additional detail on the content of the Methodologies.</p> <p>Please refer to Principle 1.4 (a) for the rationale behind adopting the Methodologies.</p>	<p><b>Policy Statement</b></p> <p>BDO inspected the Methodologies and noted that they are as described in Fastmarkets' Response to Principle 1.2.</p> <p>For testing of the contents of the in scope Fastmarkets Methodologies, please refer to Principle 1.3 (a) – (h).</p> <p>For testing of Fastmarkets' rationale behind adopting the Methodologies, please refer to Principle 1.4 (a).</p>
<p>1.3 At a minimum, a methodology should contain and describe:</p> <p>a) All criteria and procedures that are used to develop an assessment including how the PRA uses the specific volume, concluded and reported transactions, bids, offers and any other market information (collectively 'market data') in its assessment and/or assessment time periods (e.g., windows), why a specific reference unit is used (e.g., barrels of oil), how the PRA collects such market data, the guidelines that control the exercise of judgment by assessors and any other information, such as assumptions, models and/or extrapolation from collected data that are considered in making an assessment;</p> <p>b) Its procedures and practices that are designed to ensure consistency between its assessors in exercising their judgment;</p> <p>c) The relative importance that generally will be assigned to each criterion used in forming the price assessment (i.e., type of market data used, type of criterion</p>	<p><b>Policy Statement</b></p> <p>The Methodologies describe:</p> <p>a) All criteria and procedures used to develop an assessment:</p> <ul style="list-style-type: none"> <li>• For RISI, page 4 of the Methodology gives the methodology rationale, indicating the goal of establishing the representative level market participants have concluded business, the reason for choosing weekly assessments and the fact that the assessments reflect the price towards the end of the pricing window.</li> <li>• For Random Lengths, page 3 of the Methodology outlines the methodology rationale which produces independent, fair and representative price assessment and indices of the lumber and panel products on a weekly basis.</li> <li>• Data collection processes are described on page 6 of the RISI Methodology and on page 3 of the Random Lengths Methodology.</li> <li>• As per page 6, Fastmarkets RISI and page 4 for Random Lengths, the assessments have clear specifications for all price points covered. All referenced units, such as currency and volume, are in</li> </ul>	<p><b>Policy Statement</b></p> <p>BDO inspected the Methodologies and noted that they are as described in Fastmarkets' Response to Principle 1.3 (a) – (h).</p>



IOSCO Principle	Fastmarkets' Response	Practitioner's Testing
<p>used to guide judgment). [This is not intended to restrict the specific application of the relevant methodology but is to ensure the quality and integrity of the price assessment.]</p> <p>d) Criteria that identify the minimum amount of transaction data (i.e., completed transactions) required for a particular price assessment (the "transaction data threshold"). If no such threshold exists, the reasons why a minimum threshold is not established should be explained, including procedures where there is no transaction data</p> <p>e) Criteria that address the assessment periods where the submitted data fall below the methodology's recommended transaction data threshold or the requisite PRA's quality standards, including any alternative methods of assessment (e.g., theoretical estimation models). Those criteria should explain the procedures used where no transaction data exists;</p> <p>f) Criteria for timeliness of market data submissions and the means for such submissions (e.g., electronically, via telephone, etc.);</p> <p>g) Criteria and procedures that address assessment periods where one or more reporting entity submits market data that constitute a significant proportion of the total data upon which the assessment is based (i.e., key submitter dependency). The PRA</p>	<p>line with recognized pulp and paper markets trading conventions.</p> <ul style="list-style-type: none"> <li>• Page 6 for RISI and page 4 for Random Lengths lists guidelines on the use of judgement, including the order in which information is ranked (actual transactions, then bids and offers etc.)</li> <li>• Page 7-8 for RISI and page 5 for Random Lengths outlines which types of data are regularly excluded.</li> <li>• Page 4 also outlines the definition of the kinds of prices used in the pulp market and which prices Fastmarkets RISI aims to reflect.</li> </ul> <p>Please refer to Principle 1.3 (f) below for detail on the method through which information is collected.</p> <p>b) This is stated in the section 'Procedure' to ensure consistency in the price discovery procedures on page 8 for RISI and page 3 for Random Lengths.</p> <p>c) The Guidelines on the use of judgement section of the Methodologies explain how data is ranked on page 6 for RISI and page 4 for Random Lengths.</p> <p>d) The Methodologies explain that Fastmarkets does not apply any formal minimum threshold for producing an assessment and fall-back procedures on page 8 for RISI and page 5 for Random Lengths.</p> <p>e) Page 8 for RISI and page 5 for Random Lengths contain a section on fall-back procedures.</p> <p>f) Page 6 for RISI and pages 3-4 for Random Lengths contain a section on data collection criteria which state that market data is mainly collected on a weekly basis by telephone and email, and occasionally by digital messaging or direct submission.</p>	



IOSCO Principle	Fastmarkets' Response	Practitioner's Testing
<p>should also define in its criteria and procedures for what constitutes a “significant proportion” for each price assessment;</p> <p>h) Criteria according to which transaction data may be excluded from a price assessment.</p>	<p>g) The Methodologies explain that key submitter dependency is mitigated in the following ways: The weighting of any single data provider’s data is limited so that it does not dominate the assessment. For key benchmark prices (e.g. US NBSK – see specifications below), this cap is more formal: no single data provider’s data will be weighted so that it contributes more than 25% of the final assessment. For other assessments the cap is set at 50%. We do this for example by ensuring we have sufficient price points on which to base an assessment.</p> <p>h) The Methodologies list the types of qualifying transactions that are routinely excluded (inter-affiliate transactions, indexed transactions, spot transactions). See section on page 7-8 RISI and page 5 for Random Lengths, Criteria to discard pricing data.</p>	
<p>1.4 A PRA should describe and publish the:</p> <p>a) Rationale for adopting a particular methodology, including any price adjustment techniques and a justification of why the time period or window within which market data is accepted is a reliable indicator of physical market values;</p> <p>b) Procedure for internal review and approval of a given methodology, as well as the frequency of this review;</p> <p>c) Procedure for external review of a given methodology, including the procedures to gain market acceptance of the methodology through consultation with stakeholders on important changes to their price assessment processes.</p>	<p><b>Policy Statement</b></p> <p>The Methodologies describe:</p> <p>a) The rationale for adopting the stated process; any price adjustment techniques; the particular time periods within which market data is deemed reliable and therefore accepted; and justification as to why they are a reliable indicator of physical market values.</p> <p>b) Retrospective changes to the published values will only be made in cases of administrative or calculation error. They are not retroactively changed based on new or additional information. See section on page 9 for RISI's Price Correction Policy and page 6 for Random Lengths.</p> <p><b>Process and Control Activities</b></p> <p>a) The Methodologies are formalised and publicly available on the Fastmarkets RISI website:</p> <p>RISI:  <a href="https://www.fastmarkets.com/methodology/forest-products/">https://www.fastmarkets.com/methodology/forest-products/</a></p> <p>Random Lengths:  <a href="https://www.randomlengths.com/Methodology/">https://www.randomlengths.com/Methodology/</a></p> <p><b>Policy Statement</b></p> <p>For testing of internal reviews and Methodology approval procedures, please refer to</p>	



IOSCO Principle	Fastmarkets' Response	Practitioner's Testing
	<p><a href="https://www.randomlengths.com/Methodology/">https://www.randomlengths.com/Methodology/</a></p> <p><b>Policy Statement</b></p> <p>Please refer to Principle 1.6 below for detail on the internal review including the frequency of review of the Methodologies.</p> <p>Please refer to Principle 1.5 below for detail on the external review of the Methodologies.</p>	<p>Principle 1.6.</p> <p>For testing of external reviews and stakeholder consultation/market approval of Methodology procedures, please refer to Principle 1.5.</p>
<b>Changes to a Methodology</b>		
<p>1.5 A PRA should adopt and make public to stakeholders explicit procedures and rationale of any proposed material change in its methodology. Those procedures should be consistent with the overriding objective that a PRA must ensure the continued integrity of its price assessments and implement changes for good order of the particular market to which such changes relate. Such procedures should:</p> <p>a) Provide advance notice in a clear timeframe that gives stakeholders sufficient opportunity to analyse and comment on the impact of such proposed changes, having regard to the PRA's assessment of the overall circumstances;</p> <p>b) Provide for stakeholders' comments, and the PRA's response to those comments, to be made accessible to all market stakeholders after any given consultation period, except where the commenter has requested confidentiality.</p>	<p><b>Context</b></p> <p>The Fastmarkets Methodology Review and Change Consultation Process defines what constitutes a material change and describes the process for consulting the industry on the suitability of Fastmarkets Methodologies, as well as the process for the proposal, approval and implementation of material changes to the Methodologies.</p> <p><b>Policy Statement</b></p> <p>The Fastmarkets Methodology Review and Change Consultation Process describes:</p> <ul style="list-style-type: none"> <li>a) That if Fastmarkets believes a material change to the Methodology is required or has received feedback from the industry through a consultation process, suggesting a change that Fastmarkets finds to be necessary, it will start the consultation process by posting a pricing notice on its website detailing: The outline of the proposed change; The rationale or motivation for proposing such a change; and a proposed timetable for the date on which, if the change goes ahead, it would be implemented.</li> <li>b) Fastmarkets publishes a pricing notice announcing the outcome of the review, including the rationale for the decision and whenever possible feedback received unless stated as confidential. Fastmarkets reserves the right to paraphrase and group comments received into a comprehensive rationale explaining the decision.</li> </ul>	<p><b>Policy Statement</b></p> <p>BDO inspected the Fastmarkets Methodology Review and Change Consultation Process and noted that it is as described in Fastmarkets' Response to Principle 1.5 (a) – (b).</p> <p><b>Process and Control Activities</b></p> <p>BDO inspected the Fastmarkets RISI and Random Lengths websites and noted that the Fastmarkets Methodology Review and Change Consultation Process is formalised and publicly available:</p> <p>RISI:  <a href="https://cdn.fastmarkets.com/76/46/892b71d04991a1f06f073582db47/fm-policies-methodology-review-process.pdf">https://cdn.fastmarkets.com/76/46/892b71d04991a1f06f073582db47/fm-policies-methodology-review-process.pdf</a></p> <p>Random Lengths:  <a href="https://www.randomlengths.com/Methodology/">https://www.randomlengths.com/Methodology/</a></p> <p>For testing on publishing of the explicit procedures performed and the rationale of any proposed material changes to the Methodology, please refer to Principle 1.6.</p>



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	<p><b>Process and Control Activities</b></p> <p>The Fastmarkets Methodology Review and Change Consultation Process is formalised and made publicly available on the Fastmarkets website:</p> <p>RISI:</p> <p><a href="https://www.fastmarkets.com/methodology-review-and-change-consultation-process/">https://www.fastmarkets.com/methodology-review-and-change-consultation-process/</a></p> <p>Random Lengths:</p> <p><a href="https://www.randomlengths.com/Methodology/">https://www.randomlengths.com/Methodology/</a></p> <p>Please refer to Principle 1.6 below for process and control activities on publishing the explicit procedures performed and the rationale of any proposed material changes to the Methodologies.</p>	
1.6 A PRA should engage in the routine examination of its methodologies for the purpose of ensuring that they reliably reflect the physical market under assessment. This should include a process for taking into account the views of relevant stakeholders.	<p><b>Policy Statement</b></p> <p>The Fastmarkets Methodology Review and Change Consultation Process details the procedure for internal review of the Methodologies and defines materiality for changes. A change will be considered material if it may result in fundamental changes to the published price once implemented.</p> <p><b>Process and Control Activity</b></p> <p>On an annual basis, Fastmarkets carry out a formal review and approval of the Methodologies:</p> <ul style="list-style-type: none"> <li>• To initiate this process, the editorial teams issue an open external consultation through a pricing notice, at least one month before the annual methodology review is due, inviting feedback from users and subscribers over the duration of that consultation period.</li> <li>• If the editorial teams identify changes required to existing Methodologies, they classify them either as 'material' or 'immaterial' and include</li> </ul>	<p><b>Policy Statement</b></p> <p>BDO inspected the Fastmarkets Methodology Review and Change Consultation Process and noted that it is as described in Fastmarkets' Response to Principle 1.6.</p> <p><b>Process and Control Activities</b></p> <p>For a sample of methodology reviews, BDO inspected the Methodology Review Assessment Form and noted that each Methodology had been formally reviewed and approved by the editorial team during the period under review.</p> <p>For the sampled methodology reviews, BDO inspected the published notice and noted that an open external consultation was issued inviting feedback from users and subscribers.</p> <p>For the sampled methodology reviews, BDO inspected the Methodology Review Assessment Forms and noted that changes, where noted,</p>



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	<p>proposed material changes in the same price notice. The price notice sets out the timetable for the external consultation including the method for submission.</p> <ul style="list-style-type: none"> <li>• At the end of the consultation period, the editorial teams review any external feedback received and decide on whether a change should be made. The decision is approved by the Managing Editor, announced via a new pricing notice concluding the outcome of the review and includes the rationale for the decision and wherever possible, feedback received unless stated as confidential. Fastmarkets reserves the right to paraphrase and group comments received into a comprehensive rationale explaining the decision.</li> <li>• A record of the methodology review is shared with the Risk &amp; Compliance team.</li> </ul> <p>Once changes are implemented, the revised Methodology is made publicly available on the Fastmarkets websites:</p> <p>RISI:  <a href="https://www.fastmarkets.com/methodology/forest-products/">https://www.fastmarkets.com/methodology/forest-products/</a></p> <p>Random Lengths:  <a href="https://www.randomlengths.com/Methodology/">https://www.randomlengths.com/Methodology/</a></p> <p>Methodology changes are also noted in the Revision History section of the Methodology guide.</p>	<p>were classified as 'material' or 'immaterial'.</p> <p>For the sample of material changes noted to in scope Methodologies, BDO inspected the pricing notice and confirmed that it detailed the proposed change and the timetable for the consultation and method for submission.</p> <p>For the sample of material changes to in scope Methodologies, BDO inspected the relevant Methodology Assessment Review Form and noted no external feedback had been received and the proposed change was approved by the Managing Editor. BDO inspected the pricing notice published following final decision and noted that the outcome of the review, including the rationale for the change, had been explained.</p> <p>For the sampled methodology reviews, BDO confirmed that the record of the methodology review was sent to the Risk &amp; Compliance team.</p> <p>For the sampled Methodology – Global Pulp, where material change was noted, BDO inspected the website and noted that a revised Methodology was publicly available at:</p> <p>RISI:  <a href="https://www.fastmarkets.com/methodology/forest-products/">https://www.fastmarkets.com/methodology/forest-products/</a></p> <p>For the Methodologies with changes (material and immaterial) noted, BDO inspected the revision history section of the Methodologies and confirmed that the changes were noted.</p>



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<b>2. Quality and Integrity of Price Assessments</b>		
<p>2.1 A PRA should take measures that are intended to ensure the quality and integrity of the price assessment process.</p>	<p><b>Policy Statement</b></p> <p>Our policies and procedures contain measures that are intended to ensure the quality and integrity of the pricing process. This includes the following areas:</p> <ul style="list-style-type: none"> <li>• Quality and integrity of Methodologies (covered by the Methodology Review and Change Consultation Process);</li> <li>• Review of Methodologies (covered by the Methodology Review and Change Consultation Process);</li> <li>• Market data used in price assessments/The Data Submitter Policy (covered by the Contributor Approval Policy, page 1);</li> <li>• Selection/performance review and training of assessors (covered by the Pricing Procedure, page 8);</li> <li>• Supervision and review of price assessments (covered by the Pricing Procedure, Page 7 and Art &amp; Science of Price Report, Page 13);</li> <li>• Audit trail (covered by the Art &amp; Science of Price Report, Page 11);</li> <li>• Conflict of Interest (covered by the Conflict of Interest Policy);</li> <li>• PRA Editorial Hiring Guidance (covered by the Guidance PRA Editorial Hiring Guidance);</li> <li>• Complaint handling (covered by the Complaint Handling Policy); and</li> <li>• Antitrust handbook (covered by the Competition Law &amp; Antitrust Policy).</li> </ul>	<p><b>Policy Statement</b></p> <p>BDO inspected the relevant Fastmarkets' policies and procedures and noted that they are as described in Fastmarkets' Response to Principle 2.1.</p> <p><b>Process and Control Activities</b></p> <p>For further testing of process and control activities, please refer to Principles 2.2 to 2.19.</p>



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	<p><b>Process and Control Activity</b></p> <p>Please refer to Principle 2.2 to 2.19 below for further process and control activities.</p>	
<b>Market Data used in Price Assessments</b>		
<p>2.2 A PRA should:</p> <ul style="list-style-type: none"> <li>a) Specify with particularity the criteria that define the physical commodity that is the subject of a particular methodology;</li> <li>b) Utilise its market data, giving priority in the following order, where consistent with the PRA's approach to ensuring the quality and integrity of a price assessment:             <ol style="list-style-type: none"> <li>1. Concluded and reported transactions;</li> <li>2. Bids and offers;</li> <li>3. Other market information.</li> </ol> <p>Nothing in this provision is intended to restrict a PRA's flexibility in using market data consistent with its methodologies. However, if concluded transactions are not given priority, the reasons should be explained as called for in 2.3(b)</p> <li>c) Employ sufficient measures designed to use market data submitted and considered in a price assessment, which are bona fide, meaning that the parties submitting the market data have executed, or are prepared to execute, transactions generating such market data and the concluded transactions were executed at arms-length from each other. Particular attention should be made in this regard to inter-affiliate transactions;</li> </li></ul>	<p><b>Policy Statement</b></p> <ul style="list-style-type: none"> <li>a) The Methodologies specify the criteria that define the physical commodity and the market that is being assessed (Price Specifications).</li> <li>b) Please refer to Principle 1.3 (a) - (c) above for details on the priority market data.</li> <li>c) The Methodologies explain that several means are used to ensure that data are bona fide, including:             <ul style="list-style-type: none"> <li>• Methodologies specify that only open market transactions, not internal, inter-affiliate transactions, are included;</li> <li>• Fastmarkets staff review price data for anomalies and inconsistencies, and they contact data providers to clarify any questions that arise;</li> <li>• Contributors are sent the Fastmarkets Data Submitter Policy, which outlines their rights and obligations. This includes the obligation to provide all relevant data and to disclose to the price reporter if the transaction occurs with a related or affiliated party.</li> </ul> </li> <li>d) The Methodologies state that if any data received is considered anomalous, Fastmarkets attempts to confirm validity with the contributor. The Pricing Procedure states that Fastmarkets will exclude any anomalous data and include a mandatory note of why this data submission has been excluded from the pricing process in MInD.</li> <li>e) The Data Submitter Policy asks that submitters provide all relevant data including all</li> </ul>	<p><b>Policy Statement</b></p> <p>BDO inspected the Methodologies and noted that they are as described in Fastmarkets' Response to Principle 2.2 (a), (c) and (d).</p> <p>For the testing of Fastmarkets' market data priorities, please refer to Principle 1.3 (a) – (c).</p> <p>BDO inspected the Fastmarkets Pricing Procedure and noted that it is as described in Fastmarkets' Response to Principles 2.2 (d).</p> <p>BDO inspected the Data Submitter Policy and noted that it is as described in Fastmarkets' Response to Principles 2.2 (e) - (f).</p> <p>BDO inspected the Policy Governance Framework and noted that it is as described in Fastmarkets' Response to Principle 2.2.</p> <p>For testing of Fastmarkets' measures in place to ensure that, to the extent possible, submitters comply with applicable quality and integrity standards, please refer to Principle 2.4.</p> <p><b>Process and Control Activities</b></p> <p>BDO inspected the following websites and noted that the Data Submitter Policy is formalised and made publicly available:</p> <p>RISI:  <a href="https://www.fastmarkets.com/data-submitter-policy/">https://www.fastmarkets.com/data-submitter-policy/</a></p> <p>Random Lengths:</p>



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<p>d) Establish and employ procedures to identify anomalous (i.e., in the context of a PRA's methodology) or suspicious transaction data and keep records of decisions to exclude transaction data from the PRA's price assessment process.</p> <p>e) Encourage parties that submit any market data ("submitters") to submit all of their market data that falls within the PRA's criteria for that assessment. PRAs should seek, so far as they are able and is reasonable, that data submitted are representative of the submitters' actual concluded transactions.</p> <p>f) Employ a system of appropriate measures so that, to the extent possible, submitters comply with the PRA's applicable quality and integrity standards for market data.</p>	<p>transactions to which they have been a party during the period under consideration for assessment.</p> <p>f) Data submitters are expected to make every effort to abide by the guidelines provided in this Data Submitter Policy, which can be summarised as follows:</p> <ul style="list-style-type: none"> <li>• Submitters should provide data on an honest, timely and consistent basis;</li> <li>• Submitters should endeavour to provide all relevant data, including all transactions to which they have been a party during the period under consideration for assessment. Organisations that agree to submit data from back-office functions should commit to disclosing transaction data in full for each market segment;</li> <li>• Submitters should disclose to the price reporter, deal volumes that significantly exceed or fall below the typical transaction volume for the market under consideration;</li> <li>• Submitters should disclose to the price reporter if a transaction was with a related party or affiliate;</li> <li>• Submitters should be prepared to disclose the parameters of deals and data that Fastmarkets seeks to collect, including volumes, freight cost details on specifications, credit terms, delivery location, and any other detail that contributes substantially to the determination of price.</li> </ul> <p>The Policy Governance Framework states that the Risk &amp; Compliance team perform an annual review of Fastmarkets' policies and procedures to determine whether they are adequate, current and effective in view of Fastmarkets' business, price assessment</p>	<p><a href="https://www.randomlengths.com/Methodology/">https://www.randomlengths.com/Methodology/</a></p> <p>For testing of Fastmarkets' training of market reporters on how to identify anomalous or suspicious transactions, please refer to Principle 2.6.</p> <p>For a sample of in scope active data submitters, BDO inspected email communication and noted that it contained the Data Submitter Policy.</p> <p>Please refer to Principle 2.8 for process and control activities on review and approval of indices by market reporters, including review of market data used in price assessments.</p> <p>Please refer to Principle 2.9 for process and control activities on capturing of excluded data.</p>



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	<p>services, and regulatory requirements.</p> <p>Please refer to Principle 2.4 below for detail on the measures in place to ensure, to the extent possible, that submitters comply with applicable quality and integrity standards.</p> <p><b>Process and Control Activities</b></p> <p>a) The Data Submitter Policy is formalised and made publicly available on the websites:</p> <p>RISI:  <a href="https://www.fastmarkets.com/data-submitter-policy/">https://www.fastmarkets.com/data-submitter-policy/</a></p> <p>Random Lengths:  <a href="https://www.randomlengths.com/Methodology/">https://www.randomlengths.com/Methodology/</a></p> <p>b) Please refer to Principle 2.6 for detail on the training of market reporters on how to identify anomalous or suspicious transactions.</p> <p>c) The Data Submitter Policy is sent to all active data submitters on an annual basis from the time they are added on to MInD.</p> <p>Please refer to Principle 2.8 for process and control activities on review and approval of indices by market reporters, including review of market data used in price assessments.</p> <p>Please refer to Principle 2.9 for process and control activities on capturing of excluded data.</p>	
<p>2.3 A PRA should describe and publish with each assessment, to the extent reasonable without delaying a price reporting deadline:</p> <p>a) A concise explanation, sufficient to facilitate a PRA subscriber's or market authority's ability to understand how the assessment was developed, including, at a minimum, the size and liquidity of the physical market being assessed (meaning the number</p>	<p><b>Context</b></p> <p>For reasons of confidentiality and anti-trust concerns, Fastmarkets does not reveal the price or volume of individual data contributions. Data is only reported in an aggregated form.</p> <p><b>Policy Statement</b></p> <p>a) All indices are produced based on market data including transaction prices, bids and offers and market contact's evaluation of the market price.</p> <p>b) Fastmarkets does not ask for</p>	<p><b>Policy Statement</b></p> <p>BDO inspected the Methodologies and noted that they are as described in Fastmarkets' Response to Principle 2.3 (a) – (b).</p> <p><b>Process and Control Activities</b></p> <p>For a sample of in scope price assessments, BDO inspected the market commentary and noted that it accompanied each price assessment each week and detailed the</p>



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<p>and volume of transactions submitted), the range and average volume and range and average of price, and indicative percentages of each type of market data that have been considered in an assessment; terms referring to the pricing methodology should be included (e.g., "transaction-based", "spread-based" or "interpolated/extrapolated");</p> <p>b) A concise explanation of the extent to which and the basis upon which judgment (e.g., exclusions of data which otherwise conformed to the requirements of the relevant methodology for that assessment, basing prices on spreads or interpolation/extrapolation, or weighting bids or offers higher than concluded transactions etc.), if any, was used in establishing an assessment.</p>	<p>volume information routinely, although some market contacts do volunteer this. In this case priority would generally be given to the larger volume prices. The Global Pulp Methodology states that transactions involving volumes below the stated limit of 500 tonnes would be excluded. The Methodologies outline how judgment is applied.</p> <p><b>Process and Control Activities</b></p> <p>A market commentary accompanies each price assessment each week in the Fastmarkets RISI online portal. It gives detail of the change in prices and how this affected the assessment as well as information on related markets and market fundamentals that may explain the change in the assessment from the previous week.</p> <p>A concise explanation on how the assessment was developed is published for each price assessment; however, Fastmarkets does not reveal the price of the individual data contributions. Data is only reported in aggregated form.</p>	<p>following:</p> <ul style="list-style-type: none"> <li>• Changes in prices;</li> <li>• How changes affected the assessment;</li> <li>• Information on related markets and market fundamentals that may explain the change in the assessment from the previous week.</li> </ul> <p>For a sample of in scope price assessments, BDO inspected the market commentary and noted that a concise explanation on how the price assessment was developed was published and did not reveal the price of individual data contributions.</p>
<b>Integrity of the Reporting Process</b>		
<p>2.4 A PRA should:</p> <p>a) Specify the criteria that define who may submit market data to the PRA;</p> <p>b) Have quality control procedures to evaluate the identity of a submitter and any employee(s) of a submitter who report market data and the authorisation of such person(s) to report market data on behalf of a submitter;</p> <p>c) Specify the criteria applied to employees of a submitter who are permitted to submit market data to a PRA on behalf of a submitter; encourage submitters to</p>	<p><b>Policy Statement</b></p> <p>a) The Methodologies state that producers, consumers and traders provide information on market prices (see page 6 Data collection criteria for RISI and page 3 Random Lengths).</p> <p>b) The Data Submitter Policy states that Fastmarkets expects that data submitters involved within the pricing process are appropriately qualified and authorised to report market data on behalf of their organisations.</p> <p>c) The Data Submitter Policy states that Fastmarkets' price reporters generally speak to and collect data from front-office staff directly involved in the commercial activity of buying and selling the material that is being assessed. Fastmarkets also encourages organisations to submit transaction data from back-office</p>	<p><b>Policy Statement</b></p> <p>BDO inspected the Methodologies and noted that they are as described in Fastmarkets' Response to Principle 2.4 (a).</p> <p>BDO inspected the Data Submitter Policy and noted that it is as described in Fastmarkets' Response to Principle 2.4 (b) – (c).</p> <p>BDO inspected the Contributor Approval Policy and noted that it is as described in Fastmarkets' Response to Principle 2.4 (d).</p> <p>BDO inspected the Pricing Procedure and noted that it is as described in Fastmarkets' Response to Principle 2.4.</p> <p>BDO inspected the</p>



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<p>submit transaction data from back office functions and seek corroborating data from other sources where transaction data is received directly from a trader;</p> <p>d) Implement internal controls and written procedures to identify communications between submitters and assessors that attempt to influence an assessment for the benefit of any trading position (whether of the submitter, its employees or any third party), attempt to cause an assessor to violate the PRA's rules or guidelines or identify submitters that engage in a pattern of submitting anomalous or suspicious transaction data. Procedures should include provision for escalation by the PRA of inquiry within the submitter's company. Controls should include cross-checking market indicators to validate submitted information.</p>	<p>functions as well as from their front offices.</p> <p>d) The Contributor Approval Policy requires that reporters answer mandatory questions about data submitters and that new data submitters be approved within MInD by an editor. The editor must provide a rationale when approving a contact - this should be done within three months.</p> <p>The Pricing Procedure states that any member of Fastmarkets who has a genuine concern that the behaviour of a colleague, submitter or other market participant breaches or threatens to breach the pricing procedure and is attempting to influence the index to benefit their trading position has a duty to report this. It encourages reporters to first escalate their concerns to the attention of their managers or, if appropriate, to senior managers. Concerns should also be raised with the Risk &amp; Compliance team.</p> <p>The Fastmarkets Speak Up Policy describes the whistleblowing hotline facility available to reporters if they feel they cannot raise the matter directly within the company or feel that they need to remain anonymous.</p> <p><b>Process and Control Activities</b></p> <p>If Fastmarkets believes that a submitter has deliberately provided false information, it will inform the submitter's company of this suspicion where necessary and strongly request that this does not happen again. If Fastmarkets believes it to be necessary, it will also escalate the issue to the relevant authority.</p> <p>Messages raised on the Fastmarkets whistleblowing hotline facility are investigated by the Risk and Compliance team.</p> <p>Please refer to Principle 2.8 for process and control activities on review and approval of price assessments by market editors including review of market data used in price assessments.</p> <p>Please refer to Principle 2.2 (c) for</p>	<p>Fastmarkets Speak Up Policy and noted that it is as described in Fastmarkets' Response to Principle 2.4.</p> <p><b>Process and Control Activities</b></p> <p>BDO inquired with Fastmarkets' management and confirmed that there had been no suspicions raised of data submitters deliberately providing them with false information for in scope price assessments. Therefore, BDO did not perform validation procedures over Fastmarkets' Response to Principle 2.4.</p> <p>BDO inquired with Fastmarkets' management and confirmed that there had been no messages raised on the Fastmarkets whistleblowing hotline facility for in scope price assessments. Therefore, BDO did not perform validation procedures over Fastmarkets' Response to Principle 2.4.</p> <p>For the testing of Fastmarkets' review and approval of price assessments by market editors, including review of market data used in price assessments, please refer to Principle 2.8.</p> <p>For the testing of Fastmarkets' procedures for cross-checking market indicators to validate submitted information, please refer to Principle 2.2 (c).</p> <p>For the testing of Fastmarkets' procedures for identifying anomalous information, please refer to Principle 2.2 (d).</p>



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	<p>the procedures for cross-checking market indicators to validate submitted information.</p> <p>Please refer to Principle 2.2 (d) for the procedures for identifying anomalous information.</p>	
<b>Assessors</b>		
2.5 A PRA should adopt and have explicit internal rules and guidelines for selecting assessors, including their minimum level of training, experience and skills, as well as the process for periodic review of their competence.	<p><b>Policy Statement</b></p> <p>The Fastmarkets Hiring Policy ("Hiring Policy") includes guidelines for:</p> <ul style="list-style-type: none"> <li>• Hiring new market reporters;</li> <li>• Probationary period procedures; and</li> <li>• The process for periodic review of reporter's competence.</li> </ul> <p>The Hiring Policy states what Fastmarkets looks for in price reporting roles: successful candidates will have a degree or equivalent experience; a background in business reporting with a proven ability to develop relationships with market sources; the ability to write news to tight deadlines; and a strong interest in the commodities sector.</p> <p>The Hiring Policy states that before a job offer is made, a candidate will typically be invited for at least one interview including a recruitment test.</p> <p>The Pricing Procedure states the continued supervision of individual assessors to ensure that the methodology is properly applied via cross-training, quarterly reviews and the appraisal process.</p> <p>The HR policies provide guidance on appraisals. Price reporters are subject to quarterly reviews and an end-of year review in September; The process aligns with the company's financial year and follows a twelve-month performance cycle.</p> <p>The Fastmarkets Forest Products' PRA Editorial Hiring Guidance states that training is carried out when a price reporter starts their employment with Fastmarkets; further training should be carried out</p>	<p><b>Policy Statement</b></p> <p>BDO inspected the Hiring Policy and noted that it is as described in Fastmarkets' Response to Principle 2.5.</p> <p>BDO inspected the Pricing Procedure and noted that it is as described in Fastmarkets' Response to Principle 2.5.</p> <p>BDO inspected the HR policies and noted they are as described in Fastmarkets' Response to Principle 2.5.</p> <p>BDO inspected the Fastmarkets Forest Products' PRA Editorial Hiring Guidance and noted that it is as described in Fastmarkets' Response to Principle 2.5.</p> <p><b>Process and Control Activities</b></p> <p>For a sample of new joiners for in scope markets, BDO inspected the scorecard and email communication and noted that:</p> <ul style="list-style-type: none"> <li>• The relevant managing editor assessed whether the prospective market reporter met the minimum qualifications and relevant work experience;</li> <li>• The scorecard contained the candidate's performance assessment at both the interview and the recruitment test stages; and</li> <li>• The editor did confirm their intent to offer the interviewee a market</li> </ul>



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	<p>as and when required and/or as requested by the employee. This is in addition to the mandatory training schedule.</p> <p><b>Process and Control Activities</b></p> <p>As part of the hiring process, prospective market reporters go through the following steps:</p> <ul style="list-style-type: none"> <li>• The relevant manager ensures that the prospective market reporter meets the minimum qualifications and relevant work experience;</li> <li>• The prospective market reporter is required to complete a minimum of one interview, as well as a recruitment test;</li> <li>• A candidate's performance at both the interview and testing stages is assessed using a scorecard; and</li> <li>• The decision to offer a prospective market reporter a position is made by the editor.</li> </ul> <p>Each existing employee is subject to a quarterly performance appraisal and sets objectives for each year. As a result of the appraisal review, an appraisal form is completed.</p> <p>The status of online trainings are recorded in our Learning and Development platforms; trainings are assigned by our Learning and Development team.</p>	<p>reporter position via email.</p> <p>For a sample of existing employees, BDO inspected the appraisals form and noted they were completed on a quarterly basis during the period under review.</p> <p>For the sample of existing employees noted above, BDO inspected the objectives form and noted they were completed on an annual basis during the period under review.</p> <p>BDO inspected the MindTickle Learning and Development platform and observed that the status of online trainings were recorded and trainings were assigned to relevant employees by the Learning and Development team.</p>
2.6 A PRA should have arrangements to ensure its assessments can be produced on a consistent and regular basis.	<p><b>Policy Statement</b></p> <p>Fastmarkets' Pricing Procedure ensures that a robust pricing process is in place to ensure that assessments can be produced on a regular and consistent basis.</p> <p>The Pricing Procedure describes that editors are responsible for ensuring that price reporters operate in accordance with the Pricing Procedure and within their prescribed Methodologies through a formal review of notes, contact lists and corresponding market commentary recorded in MInD, which are used to</p>	<p><b>Policy Statement</b></p> <p>BDO inspected the Fastmarkets Pricing Procedure and noted that it is as described in Fastmarkets' Response to Principle 2.6.</p> <p>BDO inspected the Art &amp; Science of Price Reporting Policy and noted that it is as described in Fastmarkets' Response to Principle 2.6.</p> <p>For testing of Fastmarkets' guidelines that control the exercise of judgement, please</p>



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	<p>prepare a price assessment.</p> <p>The Pricing Procedure and the Art &amp; Science of Price Reporting policies state that Fastmarkets' price reporters who are not pricing in the market on a regular basis need to be cross-trained; this must be evidenced. Fastmarkets Editors need to submit Cross Training form to Compliance team before a reporter can get access to a new market on MInD.</p> <p>Please refer to Principle 1.3 (b) for guidelines to ensure that the exercise of judgment is consistent and fair, including instances when assessors conclude whether anomalous or suspicious data should be excluded.</p> <p><b>Process and Control Activities</b></p> <p>Fastmarkets' Risk &amp; Compliance team will require managing editors to review and update as necessary their succession plans. The purpose of the succession plan is to maintain a formal list of the markets that a price reporter is capable of covering and which markets they will be trained on in the future.</p> <p>At Fastmarkets, Succession planning is considered on quarterly basis.</p> <p>Please refer to Principle 2.5 for further process and control activities on the selection of market reporters and tracking the status of training.</p> <p>Please refer to Principle 2.7 for further process and control activities in the succession planning of market reporters, staffing coverage and business continuity planning.</p> <p>Please refer to Principle 2.8 for further process and control activities on supervision of market reporters and assessments.</p>	<p>refer to Principle 1.3 (b).</p> <p><b>Process and Control Activities</b></p> <p>BDO inspected a sample of succession plans for in scope price assessments and noted that they detailed the markets a price reporter is capable of covering and the markets to be trained for.</p> <p>For the sample of succession plans noted above, BDO inspected e-mail confirmation and noted that the succession planning for in scope price assessments was reviewed and updated by editors quarterly during the period under review.</p> <p>For testing of Fastmarkets' process and control activities for the selection of market reporters and the tracking, please refer to Principle 2.5.</p> <p>For testing of Fastmarkets' process and control activities for the succession planning of market reporters, staffing coverage and business continuity planning, please refer to Principle 2.7.</p> <p>For testing of Fastmarkets' process and control activities on supervision of market reporters and assessments, please refer to Principle 2.8.</p>
2.7 A PRA should maintain continuity and succession planning in respect of its assessors in order to ensure that assessments are made consistently and by employees who possess the relevant levels of expertise.	<p><b>Context</b></p> <p>Fastmarkets follows the Fastmarkets Business Continuity Plan.</p> <p><b>Policy Statement</b></p> <p>The Fastmarkets Business Continuity Plan describes a recovery strategy for possible disruption and is tested</p>	<p><b>Policy Statement</b></p> <p>BDO inspected the Fastmarkets Business Continuity Plan and noted that it is as described in Fastmarkets' Response to Principle 2.7.</p> <p>BDO inspected the Fastmarkets Pricing Procedure and noted</p>



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	<p>on an annual basis.</p> <p>The Fastmarkets Pricing Procedure states that editors are responsible for ensuring that price reporters operate in accordance with the internal guidelines and within their prescribed Methodologies through a formal review of notes, contact lists and corresponding market commentary recorded in MInD, which are used to prepare a price assessment.</p> <p>Please refer to Principle 1.3 (b) for guidelines to ensure that the exercise of judgment is consistent and fair, including instances when assessors conclude whether anomalous or suspicious data should be excluded.</p> <p><b>Process and Control Activities</b></p> <p>Price assessors who are not pricing in the market on a regular basis are cross trained to provide coverage across additional price assessments and this is documented in the "Cross Training" form.</p> <p>The details of employees in the price reporting function for each in scope price assessment and the back-up structure for price assessors, peer reviewers and editor approvers are formally documented in the Succession Planning and are reviewed and updated (where necessary) by an editor or senior price reporter at least quarterly.</p> <p>Please refer to Principle 2.5 for process and control activities on the selection of market reporters and tracking the status of training.</p> <p>Please refer to Principle 2.7 for process and control activities in the succession planning of market reporters, staffing coverage and business continuity planning.</p> <p>Please refer to Principle 2.8 for process and control activities on supervision of market reporters and assessments.</p>	<p>that it is as described in Fastmarkets' Response to Principle 2.7.</p> <p>For testing on Fastmarkets' guidelines that control the exercise of judgement, please refer to Principle 1.3 (b).</p> <p><b>Process and Control Activities</b></p> <p>BDO inquired with Fastmarkets' management and confirmed that there were no price reporters who are not involved in pricing the markets on a regular basis for in scope benchmarks. Therefore, BDO did not perform validation procedures over Fastmarkets' Response to Principle 2.7.</p> <p>BDO inspected a sample of succession plans and noted that the details of employees in the price reporting function for each in scope price assessment and the back-up structure for price assessors, peer reviewers and editor approvers were formally documented.</p> <p>For the sample of succession plans noted above, BDO inspected e-mail confirmation and noted that the succession planning for in scope price assessments was reviewed and updated by editors at least quarterly.</p> <p>For testing on selection of market reporters and tracking the status of training, please refer to Principle 2.5.</p> <p>For testing on succession planning of market reporters, staffing coverage and business continuity planning, please refer to Principle 2.7.</p> <p>For testing on supervision of market reporters and assessment, please refer to Principle 2.8.</p>



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<b>Supervision of Assessors</b>		
<p>2.8 A PRA should institute internal control procedures to ensure the integrity and reliability of assessments. At a minimum, such internal controls and procedures should require:</p> <p>a) The ongoing supervision of individual assessors to ensure that the methodology was properly applied;</p> <p>b) Procedures for internal sign-off by a supervisor prior to releasing prices for dissemination to the market.</p>	<p><b>Policy Statement</b></p> <p>a) Per the Art &amp; Science of Price Reporting Policy, all price indices are peer reviewed and approved before publication. See section b) below. In addition, managers conduct quarterly performance appraisals per the Editorial Hiring Policy and HR policies referenced in our response to Principle 2.5. Fastmarkets has a designated Risk &amp; Compliance team who is responsible for implementing, maintaining and enforcing core policies and procedures.</p> <p>b) The Art &amp; Science of Price Reporting describes a three-step pricing process in MInD for three separate individuals to carry out. It requires that the first assessor inputs the data, the second assessor (peer reviewer) reviews the first assessor's price form and the third assessor (editor review) re-reviews the price form before publication.</p> <p>c) The Art &amp; Science of Price Reporting Policy requires that MInD user access rights are reviewed by Price Administrators on a quarterly basis.</p> <p><b>Process and Control Activities</b></p> <p>a) The price assessments are peer reviewed in MinD ensuring that prices are compiled by the price assessors in line with methodologies.</p> <p>b) Each price assessment is three-step pricing process in MinD for three separate individuals to carry out. It requires that the first assessor input the data, which is then peer-reviewed by another reporter and is then approved by an editor before being published.</p> <p>MInD does not allow the user who prepared the price assessment to perform a peer review of the same price assessment.</p> <p>Price administrators review MinD user access right on a quarterly basis.</p>	<p><b>Policy Statement</b></p> <p>BDO inspected the Art &amp; Science of Price Reporting Policy and noted that it is as described in Fastmarkets' Response to Principle 2.8 (a) - (c).</p> <p>BDO inspected the Editorial Hiring Policy and HR policies and noted that they are as described in Fastmarkets' Response to Principle 2.8 (a).</p> <p><b>Process and Control Activities</b></p> <p>For a sample of in scope price assessments, BDO inspected the price assessment workflow in MInD and noted that they are peer reviewed, ensuring that prices compiled by price assessors are in line with the Methodologies.</p> <p>For the sample of in scope price assessments, BDO noted that the price assessments followed a three-step pricing process, carried out by three separate individuals:</p> <ul style="list-style-type: none"> <li>• The first assessor inputs the data;</li> <li>• The second assessor peer reviews the data; and</li> <li>• An editor approves the data before it is published.</li> </ul> <p>BDO reviewed screenshots from MInD and noted that MInD does not allow the user who prepared the price assessment to perform a peer review of the same price assessment.</p> <p>For a sample of quarters, BDO inspected reviews performed by Price Administrators and noted that MInD user access rights were reviewed.</p>



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<b>Audit Trails</b>		
<p>2.9 A PRA should have rules and procedures in place to document contemporaneously relevant information, including:</p> <ul style="list-style-type: none"> <li>a) All market data [that was used in the assessment];</li> <li>b) The judgments that are made by assessors in reaching each price assessment;</li> <li>c) Whether an assessment excluded a particular transaction, which otherwise conformed to the requirements of the relevant methodology for that assessment and the rationale for doing so;</li> <li>d) The identity of each assessor and of any other person who submitted or otherwise generated any of the above information.</li> </ul>	<p><b>Policy Statement</b></p> <p>The Art &amp; Science of Price Reporting Policy and the Pricing Procedure state that the following information should be retained within MInD:</p> <ul style="list-style-type: none"> <li>• All market data;</li> <li>• Judgments made by assessors in reaching each price assessment;</li> <li>• Whether an assessment excluded a particular transaction that otherwise conformed to the requirements of the relevant methodology for that assessment; and the rationale for doing so; and</li> <li>• The identity of each assessor and of any other person who submitted or otherwise generated any of the above information.</li> </ul> <p><b>Process Control and Activities</b></p> <p>MInD captures market data used in price assessments, as well as:</p> <ul style="list-style-type: none"> <li>• Market data excluded from the price assessment and the rationale for the exclusion;</li> <li>• Identity of each price assessor; peer reviewer; and the final reviewer.</li> </ul>	<p><b>Policy Statement</b></p> <p>BDO inspected the Art &amp; Science of Price Reporting Policy and the Pricing Procedure and noted that they are as described in Fastmarkets' Response to Principle 2.9.</p> <p><b>Process and Control Activities</b></p> <p>For a sample of in scope price assessments, BDO inspected screenshots of MinD and noted that MinD captured the market data used in the price assessments as well as the following:</p> <ul style="list-style-type: none"> <li>• Market data excluded from the price assessment and the rationale for the exclusion;</li> <li>• Identity of each price assessor, peer reviewer; and final reviewer.</li> </ul>
<p>2.10 A PRA should have rules and procedures in place to ensure that an audit trail of relevant information is retained for at least five (5) years in order to document the construction of its assessments.</p>	<p><b>Context</b></p> <p>All in scope price assessments were migrated into MInD following the commencement of pricing in these markets. The migration dates are detailed below.</p> <p><b>Policy Statement</b></p> <p>The Pricing Procedure states that reported price data will be stored at Fastmarkets for a period of seven years.</p> <p><b>Process and Control Activities</b></p> <p>All pricing information records are stored within MInD and was initiated</p>	<p><b>Policy Statement</b></p> <p>BDO inspected the Pricing Procedure and noted it is as described in Fastmarkets' Response to Principle 2.10.</p> <p><b>Process and Control Activities</b></p> <p>BDO inspected MInD and noted all pricing information records for in scope assessments, have been stored since May 2019, when Fastmarkets prices migrated into MInD.</p> <p>BDO inspected screenshots of the back-up and noted that a</p>



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	<p>since May 2019, when Fastmarkets' prices migrated into MInD.</p> <p>MInD is fully backed up on a daily basis, with transaction log back-ups being performed at least every 15 minutes.</p> <p>All data relating to the assessment of prices is stored in a secure database (SQL Server). Additionally, this data is regularly backed-up to a second database in case of a fault with the primary database.</p>	<p>full back-up was performed daily and the transaction log back-ups were performed at least every fifteen minutes.</p> <p>BDO inspected screenshots of data being stored on the SQL Server and confirmed that all data relating to the assessment of prices are stored in a secure database.</p> <p>BDO inspected screenshots of data being regularly backed-up to a second database in case of a fault with the primary database.</p>
<b>Conflict of Interest</b>		
<p>2.11 A PRA should document, implement and enforce comprehensive policies and procedures for the identification, disclosure, management and avoidance of conflicts of interest and the protection of integrity and independence of assessments. The policies and procedures should be kept up to date.</p>	<p><b>Policy Statement</b></p> <p>The Code of Business Conduct refers to the core policies such as the Conflicts of Interest Policy, Personal Account Dealing Policy and Gifts and Entertainment Policy. These policies contain provisions for identification, disclosure, management and avoidance of conflicts of interest.</p> <p>The Conflict of Interest Policy requires that conflicts of interest should be declared promptly.</p> <p>Fastmarkets reporters comply with the Anti-Bribery and Corruption Policy referred to in the Code of Business Conduct</p> <p><b>Process and Control Activities</b></p> <p>The core policies are reviewed by the Risk &amp; Compliance team at least annually.</p> <p>Fastmarkets' employees are required to complete and declare any conflict of interest annually.</p> <p>All identified conflicts of interest and their resolution are registered in the Conflict of Interest Log and are reviewed by the Managing Director and/or the CFOO on at least a bi-annual basis.</p> <p>Fastmarkets provides training on competition/antitrust law on an annual basis and is mandatory for all Fastmarkets' employees.</p> <p>The completion dates of the mandatory training are recorded in</p>	<p><b>Policy Statement</b></p> <p>BDO inspected the Code of Business Conduct and noted it is as described in Fastmarkets' Response to Principle 2.11.</p> <p>BDO inspected the Conflict of Interest Policy and noted it is as described in Fastmarkets' Response to Principle 2.11.</p> <p><b>Process and Control Activities</b></p> <p>BDO inspected the version history sections of the core policies and confirmed that they had been reviewed by the Risk and Compliance team within our period under review</p> <p>For a sample of existing employees, BDO inspected the Fastmarkets Disclosure Management Forms and noted that declaration of any potential conflicts of interests had been obtained from the sampled employees.</p> <p>BDO inspected the Conflict of Interest log and noted that there were resolutions for all identified conflicts of interest during the period under review.</p> <p>BDO inspected email evidence and noted that the Conflict of Interest Log had been reviewed by the Managing Director and/or the CFOO on at least a</p>



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	<p>the Learning and Development platform(L&amp;D).</p> <p>Please refer to Principle 2.12 for further process and control activities.</p>	<p>bi-annual basis.</p> <p>For the sample of existing employees, BDO inspected evidence from the Learning and Development platform and confirmed that they had received annual training on competition/antitrust law.</p> <p>BDO inspected screenshots of the Learning and Development platform and noted that completion dates of mandatory training were recorded.</p> <p>For testing on further process and control activities, please refer to Principle 2.12.</p>
<p>2.12 At a minimum, those policies and procedures should [be designed to]:</p> <p>a) Ensure that price assessments are not influenced by the existence of, or potential for, a commercial or personal business relationship or interest between the PRA (or its affiliates), its personnel, clients, any market participant or persons connected with them;</p> <p>b) Ensure that PRA personnel's personal interests and business connections are not permitted to compromise the PRA's functions, including outside employment, travel, and acceptance of gifts and entertainment provided by PRA clients or other oil market participants;</p> <p>c) Ensure, in respect of identified conflicts, appropriate segregation of functions within the PRA by way of supervision, compensation, systems access and information flows.</p> <p>d) Protect the confidentiality of information submitted to</p>	<p><b>Policy Statement</b></p> <p>a) The Conflict of Interest Policy requires that Fastmarkets' personnel avoid situations where personal interests could conflict, or appear to conflict, with the interests of the company and with the integrity of the data. In particular, employees are not allowed to engage in paid work outside the company or to be the director of a company outside the group (unless specifically approved by senior management) and any personal relationships in the workplace, with submitters, other market participants or competitors should be reported to the management who will assess these conflicts of interest and mitigate them if required.</p> <p>Please refer to Principle 2.11 for detail on completion of the Declaration of Conflicts of Interest on an annual basis and on maintenance and review of the Conflict of Interest Log.</p> <p>b) The Conflict of Interest Policy requires that:</p> <ul style="list-style-type: none"> <li>• Any personal relationships in the workplace, with submitters, other market participants or competitors should be reported to the management who will assess these for conflicts of interest, and discuss with employees how to manage the situation;</li> </ul>	<p><b>Policy Statement</b></p> <p>BDO inspected the Conflict of Interest Policy and noted that it is as described in Fastmarkets' Response to Principle 2.12 (a), (b) and (d).</p> <p>BDO inspected the Hiring policy and noted that it is as described in Fastmarkets' Response to 2.12 (c).</p> <p>BDO inspected the Editorial Commercial Guidelines and noted that it is as described in Fastmarkets' Response to 2.12 (c).</p> <p>BDO inspected the Fastmarkets Pricing Procedure and noted that it is as described in Fastmarkets' Response to 2.12 (c).</p> <p>BDO inspected the Art &amp; Science of Price Reporting Policy and noted that it is as described in Fastmarkets' Response to 2.12 (c).</p> <p>Please refer to Principle 2.12 (a) – (e) for details on procedures that effectively address identified conflicts of interest which may exist between its price assessment business and any other business of the PRA.</p>



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<p>or produced by the PRA, subject to the disclosure obligations of the PRA;</p> <p>e) Prohibit PRA managers, assessors and other employees from contributing to a price assessment by way of engaging in bids, offers and trades on either a personal basis or on behalf of market participants.</p> <p>f) Effectively address identified conflicts of interest which may exist between its price assessment business (including all staff who perform or otherwise participate in price assessment responsibilities), and any other business of the PRA.</p>	<p>and</p> <ul style="list-style-type: none"> <li>• That where Fastmarkets becomes aware that an employee who is engaged in price-reporting activities has accepted an offer of employment from a market participant, that employee should promptly be excluded from engaging in price-assessment activities in the area of their future employment with the new employer.</li> </ul> <p>c) The Editorial Commercial Guidelines state that the price-reporting functions and those responsible for the marketing and sales of Fastmarkets' publications and services are kept deliberately separate and operate independently.</p> <p>The Hiring Policy states that the compensation of pricing personnel does not depend on the performance of the price assessments or indices. In addition, the Hiring Policy states editorial staff are not directly involved in commercial negotiations with clients on potential clients.</p> <p>The Fastmarkets Pricing Procedure describes that managers are responsible for ensuring that price reporters operate in accordance with the internal guidelines and within their prescribed methodologies through a formal review of notes, contact lists and corresponding market commentary recorded in MInD, which are used to prepare a price assessment.</p> <p>The Art &amp; Science of Price Reporting describes a three-step pricing process in MInD for three separate individuals to carry out. It requires that the first assessor input the data, the second assessor (peer reviewer) review the first assessor's price form and the third assessor (editor review) re-review the price form before publication.</p> <p>d) The Conflict of Interest Policy</p>	<p><b>Process and Control Activities</b></p> <p>BDO inspected the Fastmarkets Gifts &amp; Entertainment register and noted all gifts, entertainment and hospitality received in relation to in scope assessments were logged in the system.</p> <p>For a sample of gifts and entertainment below the threshold value or frequency, BDO noted these were approved by the employee's line manager.</p> <p>BDO inspected the Fastmarkets Gifts &amp; Entertainment log and noted that no gifts, entertainment or hospitality exceeding the threshold value or frequency being logged in relation to the in scope price assessments for the period under review. Therefore, BDO did not perform validation procedures over Fastmarkets' Response to Principle 2.12.</p> <p>Please refer to Principle 2.8 above for process and controls in relation to price assessments three-step pricing process, supervision, system access and information flows.</p>



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	<p>prohibits all staff from benefitting personally from non-public information, trading in any of the products that Fastmarkets cover, advising or requesting friends or family to do so. It strictly prohibits Fastmarkets personnel from contributing to price-assessment calculations by engaging in bids, offers or trades on a personal basis or on behalf of market participants.</p> <p>Please refer to Principle 2.12 (a) – (e) for details on procedures that effectively address identified conflicts of interest which may exist between its price assessment business and any other business of the PRA.</p> <p><b>Process and Control Activities</b></p> <p>b) All gifts, entertainment and hospitality gifts are logged in the system. All gifts and entertainment exceeding the set threshold value or frequency are approved by the Divisional Director; and all gifts and entertainment below this threshold value or frequency are approved by an employee's line manager or the Risk &amp; Compliance team.</p> <p>c) Please refer to Principle 2.8 above for process and controls in relation to price assessment three-step pricing process, supervision, system access and information flows.</p>	
2.13 There is no principle.	Not applicable.	Not applicable.
2.14 A PRA should ensure that its other business operations have in place appropriate procedures and mechanisms designed to minimise the likelihood that conflicts of interest will affect the integrity of price assessments.	<p><b>Context</b></p> <p>In addition to the price-reporting business, the Fastmarkets portfolio includes news, analysis, conferences and insight services.</p> <p><b>Policy Statement</b></p> <p>Please refer to Principles 2.12 (a) – (e) above for procedures and mechanisms put in place for Fastmarkets including other business operations and designed to minimise the likelihood that conflicts of interest will affect the integrity of price assessments.</p> <p><b>Process and Control Activities</b></p>	<p><b>Policy Statement</b></p> <p>Please refer to Principles 2.12 (a) – (e) above for procedures and mechanisms put in place for Fastmarkets including other business operations and designed to minimise the likelihood that conflicts of interest will affect the integrity of price assessments.</p> <p><b>Process and Control Activities</b></p> <p>Please refer to Principles 2.12 (b) – (c) above for procedures and mechanisms put in place in</p>



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	<p>Please refer to Principles 2.12 (b) - (c) above for procedures and mechanisms put in place in Fastmarkets, including other business operations and designed to minimise the likelihood that conflicts of interest will affect the integrity of price assessment.</p>	<p>Fastmarkets, including other business operations and designed to minimise the likelihood that conflicts of interest will affect the integrity of price assessment.</p>
<p>2.15 A PRA should ensure it has appropriate segregated reporting lines amongst its managers, assessors and other employees (as appropriate) and from the appropriate managers to the PRA's most senior level management and its Board (if any), designed to ensure (i) the PRA satisfactorily implements the requirements listed in these principles; and (ii) that responsibilities are clearly defined and do not conflict or cause a perception of conflict.</p>	<p><b>Policy Statement</b></p> <p>Please refer to Principle 2.8 for detail on segregation of roles and responsibilities within the editorial function.</p> <p>Please also refer to Principle 2.12 (c) above for detail on segregation of commercial and editorial functions.</p>	<p><b>Policy Statement</b></p> <p>For testing of segregation of roles and responsibilities within the editorial function, please refer to Principle 2.8.</p> <p>For testing of segregation of commercial and editorial functions, please refer to Principle 2.12 (c).</p>
<p>2.16 A PRA should disclose to its stakeholders as soon as it becomes aware of a conflict of interest arising from the ownership of the PRA.</p>	<p><b>Policy Statement</b></p> <p>The Conflict of Interest Policy requires any conflict of interest arising from the ownership of Fastmarkets to be disclosed to its stakeholders immediately.</p>	<p><b>Policy Statement</b></p> <p>BDO inspected the Conflict of Interest policy and noted that it is as described in Fastmarkets' Response to Principle 2.16.</p>
<b>Complaints</b>		
<p>2.17 A PRA should have in place and publish written procedures for receiving, investigating and retaining records concerning complaints made about a PRA's assessment process.</p>	<p><b>Policy Statement</b></p> <p>Fastmarkets Complaints Handling Policy describes procedures for receiving, investigating and retaining records concerning complaints made about any Fastmarkets' price assessment process.</p> <p><b>Process and Control Activities</b></p> <p>Fastmarkets Complaints Handling Policy is formalised and publicly available on the Fastmarkets RISI website:</p> <p>RISI:</p> <p><a href="https://www.risiinfo.com/wp-content/uploads/2022/03/fm-policies-complaints-handling.pdf">https://www.risiinfo.com/wp-content/uploads/2022/03/fm-policies-complaints-handling.pdf</a></p> <p>Random Lengths:</p> <p><a href="https://www.randomlengths.com/Me">https://www.randomlengths.com/Me</a></p>	<p><b>Policy Statement</b></p> <p>BDO inspected the Fastmarkets Complaints Handling policy and noted that it is as described in Fastmarkets' Response to Principle 2.17.</p> <p><b>Process and Control Activities</b></p> <p>BDO inspected the Fastmarkets RISI and Random Lengths websites and noted that the Complaints Handling Policy is formalised and publicly available:</p> <p>RISI:</p> <p><a href="https://www.risiinfo.com/wp-content/uploads/2022/03/fm-policies-complaints-handling.pdf">https://www.risiinfo.com/wp-content/uploads/2022/03/fm-policies-complaints-handling.pdf</a></p>



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	<p><a href="#">Methodology/</a></p>	<p><a href="#">handling.pdf</a></p> <p>Random Lengths:  <a href="https://www.randomlengths.com/Methodology/">https://www.randomlengths.com/Methodology/</a></p>
<p>2.18 Among other things, such complaint mechanisms should [be designed to] ensure that:</p> <ul style="list-style-type: none"> <li>a) A PRA should have in place a mechanism detailed in a written complaints handling policy, by which its subscribers may submit complaints on whether a specific price assessment is representative of market value, proposed price assessment changes, applications of methodology in relation to a specific price assessment and other editorial decisions in relation to price assessment processes;</li> <li>b) A PRA should ensure that its written complaints handling policy includes, among other things, the process and target timetable for handling of complaints;</li> <li>c) Formal complaints made against a PRA and its personnel are investigated by that PRA in a timely and fair manner;</li> <li>d) The inquiry is conducted independently of any personnel who may be involved in the subject of the complaint;</li> <li>e) A PRA aims to complete its investigation promptly;</li> <li>f) A PRA advises the complainant and any other relevant parties of the outcome of the investigation in writing and within a reasonable period;</li> </ul>	<p><b>Policy Statement</b></p> <p>The Fastmarkets Complaints Handling Policy describes procedures for receiving, investigating and retaining records concerning complaints made about Fastmarkets' price-assessment process.</p> <p>The Fastmarkets Complaints Handling Policy states:</p> <ul style="list-style-type: none"> <li>a) If a complainant desires a number or methodology to be double-checked, the reporter will open an inquiry and consult with their Team Leader before issuing a response to the complainant; or if there are any further concerns raised, the complainant can immediately contact the Fastmarkets' Editorial team to raise a formal complaint.</li> <li>(b) – (f)</li> </ul> <p>Once a complaint is received, it will be acknowledged in writing within three business days. The Fastmarkets' Risk &amp; Compliance team will log the issue in their Complaints Register before promptly commencing an investigation.</p> <p>Fastmarkets Risk &amp; Compliance team will independently investigate any formal complaints in a timely and fair manner.</p> <p>A written response to the complainant will be provided within 28 days from the date of receipt of the complaint. The response will include details of how the investigation was carried out; an explanation of their decision; and their planned or completed actions</p>	<p><b>Policy Statement</b></p> <p>BDO inspected the Fastmarkets Complaints Handling policy and noted that it is as described in Fastmarkets' Response to Principle 2.18 (a) – (h).</p> <p><b>Process and Control Activities</b></p> <p>BDO inspected the Fastmarkets website and noted that the Complaints Handling Policy is formalised and publicly available:</p> <p>RISI:</p> <p><a href="https://www.risiinfo.com/wp-content/uploads/2022/03/fm-policies-complaints-handling.pdf">https://www.risiinfo.com/wp-content/uploads/2022/03/fm-policies-complaints-handling.pdf</a></p> <p>Random Lengths:  <a href="https://www.randomlengths.com/Methodology/">https://www.randomlengths.com/Methodology/</a></p> <p>BDO inquired with Fastmarkets' management and confirmed that there had been no formal complaints during the period under review for in scope price assessments. Therefore, BDO did not perform validation procedures over Fastmarkets' Response to Principle 2.18 (c) - (f).</p> <p>BDO inquired with Fastmarkets' management and confirmed that there had been no informal complaints during the period under review for in scope price assessment. Therefore, BDO did not perform validation procedures over Fastmarkets' Response to Principle 2.18 (c) - (e).</p> <p>BDO inquired with Fastmarkets' management and confirmed that there had been no appeals during the period under review for in scope price assessments.</p>



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<p>g) There is recourse to an independent third party appointed by the PRA should a complainant be dissatisfied with the way a complaint has been handled by the relevant PRA or the PRA's decision in the situation no later than six (6) months from the time of the original complaint;</p> <p>h) All documents relating to a complaint, including those submitted by the complainant as well as a PRA's own record, are retained for a minimum of five (5) years.</p>	<p>as a result where applicable.</p> <p><b>Process and Control Activities</b></p> <p>Fastmarkets Complaints Handling Policy is formalised and publicly available on the websites:</p> <p>RISI:</p> <p><a href="https://www.risiinfo.com/wp-content/uploads/2022/03/fm-policies-complaints-handling.pdf">https://www.risiinfo.com/wp-content/uploads/2022/03/fm-policies-complaints-handling.pdf</a></p> <p>Random Lengths:</p> <p><a href="https://www.randomlengths.com/Methodology/">https://www.randomlengths.com/Methodology/</a></p> <p>(c)-(e)</p> <p>Upon receipt of a formal complaint:</p> <p>It is acknowledged in writing within three business days; and</p> <p>Fastmarkets Risk &amp; Compliance team logs the issue in the Complaints Register.</p> <p>If the complainant is not satisfied with how their complaint was handled, General Counsel within Fastmarkets Global Limited is notified. The Fastmarkets' Managing Director and Risk &amp; Compliance Manager reviews the appeal.</p> <p>Upon a receipt of an informal complaint, the Fastmarkets Risk &amp; Compliance team:</p> <ul style="list-style-type: none"> <li>• Logs the issue in the Complaints Register;</li> <li>• Independently investigates any informal complaints; and</li> <li>• Logs the actions taken within the Complaints Register.</li> </ul> <p>f) For a formal complaint, a written response to the complainant is provided in writing within 28 days from the complaint receipt date. The response includes details of how the investigation was carried out, an explanation of their decision and their planned or completed actions as a result, where applicable.</p>	<p>Therefore, BDO did not perform validation procedures over Fastmarkets' Response to Principle 2.18 (g).</p> <p>BDO inspected the formal Fastmarkets Complaints Register and noted that it exists and is to be retained for at least five years effective from 1 September 2017.</p>



IOSCO Principle	Fastmarkets' Response	Practitioner's Testing
	<p><b>Policy Statement</b></p> <p>The Fastmarkets Complaints Handling Policy states that:</p> <p>g) After going through the Formal Complaint Process, the complainant has an option to appeal any aspect of how the complaint was handled or further question any of the pricing and methodology explanations by informing Fastmarkets' General Counsel.</p> <p>h) All documents relating to a complaint, including those submitted by the complainant as well as company's own record, are retained for a minimum of five years within Fastmarkets Complaints Register.</p> <p><b>Process and Control Activities</b></p> <p>g) Appeals are reviewed by the Managing Director and Risk &amp; Compliance Manager of Fastmarkets.</p> <p>In the event that a complainant notifies in writing that they remain dissatisfied with the way their complaint has been handled internally, an appropriate independent third party is appointed to resolve the complaint within six months of the date of written submission of the original complaint.</p> <p>h) The Fastmarkets Complaint Register is retained for a minimum of five years effective from September 1, 2017.</p>	
2.19 Disputes as to daily pricing determinations, which are not formal complaints, shall be resolved by the PRA with reference to its standard appropriate procedures. If a complaint results in a change in price, that should be communicated to the market as soon as possible.	<p><b>Policy Statement</b></p> <p>The Fastmarkets Complaints Handling Policy distinguishes between formal complaints and routine inquiries.</p> <p>If a complainant requests that a number or methodology be reviewed, the reporter will open an inquiry and consult with their Team Leader before issuing a response to the complainant; or if there are any further concerns raised, the complainant can immediately contact Fastmarkets' Editorial Team to raise a formal complaint.</p>	<p><b>Policy Statement</b></p> <p>BDO inspected the Complaints Handling Policy and noted that it is as described in Fastmarkets' Response to Principle 2.19.</p> <p>BDO inspected the Corrections and Delays Policy and noted that it is as described in Fastmarkets' Response to Principle 2.19.</p> <p>BDO inspected the Fastmarkets PIX Pulp and PIX Recovered Methodologies and noted that</p>



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	<p>The Fastmarkets Corrections and Delays Policy will be followed in circumstances when an inquiry or complaint results in a price change.</p> <p>The Fastmarkets Corrections and Delays Policy requires that if a price is published incorrectly, it should be rectified and republished as soon as possible.</p> <p>Fastmarkets Pix Pulp and Pix Recovered Methodologies states the following:</p> <ul style="list-style-type: none"> <li>• Publication of price errors can occasionally happen for reasons that may include technical input errors or incorrect application of the Methodology.</li> <li>• To minimise the inconvenience to our subscribers, Fastmarkets aims to investigate each error as soon as it becomes aware of it and to publish a correction promptly on our website through a pricing notice with an explanation of the reason for the correction.</li> </ul> <p>Fastmarkets will publish a correction of a price only where it has established undeniably that there has been an error.</p> <p>Fastmarkets price assessments are produced based on the best data available at the time of the assessment. It will not retroactively change a price based on new information or additional submission of data received after a respective pricing session has closed.</p> <p><b>Process and Control Activities</b></p> <p>Fastmarkets Corrections and Delays Policy is formalised and publicly available on the Fastmarkets website:</p> <p>RISI:  <a href="https://www.fastmarkets.com/corrections-and-delays/">https://www.fastmarkets.com/corrections-and-delays/</a></p>	<p>they are as described in Fastmarkets' Response to Principle 2.19.</p> <p><b>Process and Control Activities</b></p> <p>BDO inspected the Fastmarkets website and confirmed the Fastmarkets Corrections and Delays Policy is formalised and publicly available:</p> <p>RISI:  <a href="https://www.fastmarkets.com/corrections-and-delays/">https://www.fastmarkets.com/corrections-and-delays/</a></p> <p>Random Lengths:  <a href="https://www.randomlengths.com/Methodology/">https://www.randomlengths.com/Methodology/</a></p> <p>BDO inquired with Fastmarkets' management and confirmed that there had been no price corrections during the period under review for the in scope price assessments. Therefore, BDO did not perform validation procedures over Fastmarkets' Response to Principle 2.19.</p> <p>BDO inquired with Fastmarkets' management and confirmed that there had been no publication delays during the period under review for the in-scope price assessments. Therefore, BDO did not perform validation procedures over Fastmarkets' Response to Principle 2.19.</p>



IOSCO Principle	Fastmarkets' Response	Practitioner's Testing
	<p><a href="#">tions-and-delays/</a></p> <p>Random Lengths:</p> <p><a href="https://www.randomlengths.com/Methodology/">https://www.randomlengths.com/Methodology/</a></p> <p>Fastmarkets will rectify and republish any incorrectly published price as soon as possible; and will send a correction notice to all subscribers informing them of the change.</p> <p>Fastmarkets employs several procedures and measures to avoid delays in the publication of its prices. A delay is considered material from 10 minutes after the scheduled publication time. In the event of a delay occurring, Fastmarkets will inform subscribers if this occurs outside of the 10 minutes window.</p> <p>In the event of late publication, only data that has been received within the mandated data collection window will be included in the calculation of the price. No prices will be amended due to the emergence of new data or market activity after the initial publication. Retrospective changes to the published values will only be made in cases of administrative or calculation error leading to a material change in price.</p> <p>When a pricing correction is required, it is provided to the relevant Price Administration team via email, detailing:</p> <ul style="list-style-type: none"> <li>• Correction value &amp; date; and</li> <li>• Explanation of what happened so it can be documented in MInd.</li> </ul> <p>It is logged into the list of errors and peer-reviewed by another staff member.</p> <p>Fastmarkets places a Pricing Notice into the Fastmarkets website and obtains approval from the Global News desk/Price Assessment Manager before publication.</p>	
<b>Cooperation with Regulatory Authorities</b>		
2.20 Audit trails, other documentation required by these principles and all	<b>Context</b> Fastmarkets maintains audit trails and other documentation as required	<i>Excluded from scope of Independent Assurance.</i>



IOSCO Principle	Fastmarkets' Response	Practitioner's Testing
other relevant information shall be readily available to market authorities in carrying out their regulatory duties and handed over without delay in accordance with applicable law.	<p>by these Principles.</p> <p>Fastmarkets seeks to comply with all applicable laws.</p>	
<b>External Auditing</b>		
2.21 A PRA should appoint an independent, external auditor with appropriate experience and capability to review and report on the PRA's adherence to its stated methodology criteria and with the requirements of the principles. The first resulting audit should be completed within one year of the publication of the principles by IOSCO and its results published within fifteen months of the publication of the principles. Subsequent audits should take place annually and be published three months after each audit is completed with further interim audits carried out as appropriate.	<p><b>Context</b></p> <p>Fastmarkets Global Limited has engaged BDO to carry out an assurance review of the independent responses contained in this report on how Fastmarkets' policies, process and control activities relating to its price assessments address the IOSCO Principles for Oil Price Reporting Agencies.</p>	<i>This principle is covered by this assurance work and the ultimate report.</i>

