



argusmedia.com

ARGUS GLOBAL COMPLIANCE POLICY

Contents:

Context	2
Best practice	2
Compliance policies	3
Corporate structure and governance	3
Ethics policy	3
Staff	4
Data and data security	4
Price reporting	4
Corrections policy	4
Methodology and compliance	5
External audit	5
Consultation and communication	5
Business continuity	5
Argus complaints handling procedure	6
Background	6
Formal complaints handling procedure	6
Queries	6

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The most up-to-date Argus Global Compliance Policy is available on www.argusmedia.com

Context

Argus provides global information on the energy markets.

Argus is one of two global energy market reporting agencies. It was founded in 1970 and today has more than 100 publications and over 500 employees. It is privately held by the founder's family and employees. It is one of the fastest growing UK private companies. Argus first received an "Investors in People" Award in 2000, and has received two Queen's Awards for Enterprise (in 2002 and 2009).

Argus provides independent price assessments for a range of energy commodities. The main published prices reflect the value of the spot markets, and therefore the marginal clearing price in an open market. These prices are used by energy companies, financial services and governments as price references or price benchmarks. These benchmarks underpin term trade, market analysis, internal transfer pricing, taxation, performance measures, risk management tools and capital investment decisions.

The reported prices allow the energy sector to operate efficiently and effectively to the benefit of consumers and producers. Argus strives to perform this task responsibly and diligently.

Argus sets high standards internally for editorial compliance and for business ethics. The purpose of this document is to set out the global policy framework for compliance and ethical behaviour by all employees in Argus. The publication of energy prices provides access to information to all participants in the market and acts to level the playing field between them. And the energy industry, regulators and government expect Argus to do all that it can to ensure the accuracy of the information it provides.

To support the maintenance of high standards, this document seeks to set out the basics of operation and conduct that form the backbone of Argus' corporate and compliance standards. It covers Argus' corporate governance approach, staff policy frameworks, as well its overall approach on compliance with its price reporting methodologies. Argus' clients expect to be able to rely on Argus' high journalistic standards, and compliance with its stated methodologies. Argus has a compliance programme that seeks to do this, overseen by its global compliance officer.

This global framework is implemented locally via regional employee manuals and editorial policy handbooks, which reflect local variations in business conduct and employment conditions. But they have the same objective of ensuring compliance with the stated standards of Argus.

Best practice

Argus has an important role in the proper functioning of the energy markets. Confidence in the prices published by Argus creates confidence in the markets themselves, which in turn encourages liquidity, effective clearing of trades, accurate price identification and overall market transparency.

Argus recognises that its clients and other industry stakeholders expect it to meet the highest standards in the field of price reporting, and to value principles that support its important role. Argus has a published ethics policy to ensure objectivity. Argus is an independent firm, with a clear corporate governance and compliance programme. Argus also respects transparency and disclosure by making its processes public, and by providing market information openly. Argus ensures that it has the resources to achieve these values, by hiring and retaining qualified and experienced staff, and regularly training employees. Argus maintains its credibility as a price reporting agency by consistently applying its methodologies for price identification, and thus maintaining its high and long standing reputation.

Argus employees are expected to abide by strict guidelines in order to maintain confidence in Argus, for the good of its clients and the markets as a whole.

Argus expects its staff to hold its work up to standards of good practice, in order to produce prices that are reliable, accurate, and representative. Argus holds the following as desirable attributes of the price identification process:

Representative: Argus price assessments are in accordance with the published Argus methodologies.

Accountable: Argus ensures that its price assessments will be in accordance with its published methodologies through its management and the oversight of its global compliance officer.

Auditable: Transaction data provided by market participants are traceable and verifiable throughout the price identification process. Methodological practice is also audited to ensure that it coincides with the published methodology.

Consistent: Timelines and process for data submission by market participants is openly available and consistent. Methodology and prices specifications are changed after consultation with industry and opportunity to comment. Prices are published at a pre-announced frequency and schedule, without delays or interruptions.

Transparent: Methodologies are well documented, publicly available, and clear.

Argus' adherence to these principles is rigorous and tested. And Argus remains directly engaged around the world with the energy industry, energy consumers, government regulators and legislators in an effort to maintain the highest standards in the profession.

Compliance policies

Corporate structure and governance

Good basic standards of corporate structure and governance are at the heart of any successful enterprise. Argus aims to meet these standards with its own clear structure, segregation of key functional duties, and a strong corporate governance model, with non-executive as well as executive directorship.

Argus Media Ltd. is a privately held British limited company, and 100% owner of Argus Media Inc., a US company registered in Delaware.

Argus Media Ltd's accounts are published annually (usually in November) and are available online at Companies House: www.companieshouse.gov.uk. Shares in Argus Media Ltd. are held by the family of the founder and the staff. There are currently no external shareholders. Argus is an equal opportunities employer, and does not discriminate on the grounds of race, national origin, religion, gender, disability, sexual orientation or age.

Management at Argus is under the supervision of a board of directors. As of 1 May 2011 the board of directors consisted of four executive directors and four non-executive directors. The current structure and membership of the board of directors is available from the company secretary at Argus' London offices, or via Companies House in the UK: www.companieshouse.gov.uk. The articles of association of Argus are also available from the company secretary.

Argus has a compliance officer who reviews policies and procedures, performs audits on Argus market reporting methodologies, and reports findings. The compliance officer reports to the chief financial officer who is responsible for reporting compliance matters to the board.

The Argus management and staff structure segregates editorial and commercial staff.

The business activities of Argus are restricted in order to ensure the integrity of the price reporting activity. Other services, such as research reports, are done on a very strictly controlled and limited basis and regularly reviewed to ensure that no conflict of interest exists.

Ethics policy

A strict ethics policy is central to the role of Argus Media as an independent price reporting and news agency. As

part of this ethics policy, Argus has produced a central policy designed to address conflicts of interest and related topics. The document is titled Argus Media Conflict of Interest Policy and is available on the Argus Media intranet page. The ethics policy comprises the below provisions that should be read in conjunction with the Argus Media Conflict of Interest Policy.

- All Argus Media staff members are required to declare in writing when they join the company (and at least once a year after that) direct shareholdings or other ownership interests in any energy, petrochemicals, fertiliser, metals or related transportation company and any company primarily active in the energy, petrochemicals, fertiliser, metals or related transportation sectors. During their employment at Argus, they are not allowed to deal in shares in these sectors nor change their holdings. This does not affect the holdings of staff in mutual or pension funds that may invest in energy, petrochemicals, fertiliser or transportation stocks.
- Individual Argus staff members are not allowed to trade or provide information to a third party for trading in any commodity for which Argus produces price assessments, reports or other market intelligence. This applies to trading in or providing information to a party for trading in cash markets, over-the-counter (OTC) markets, futures, derivatives, structured notes, exchange traded funds (ETFs) and any related instruments or investment vehicles that are tied to any commodity which is assessed by Argus.
- Argus staff members may only accept gifts of modest value. Any gift with a value greater than £10/\$15 or the local equivalent is to be documented by logging the gift in the gift log of the local office.
- Argus staff members are not allowed to offer gifts without the express prior approval of the chief executive and chairman.
- Argus staff members may not engage in freelance journalism for other publications, whether for pay or not, without first seeking written permission from the appropriate member of the senior management team.
- Argus staff members should avoid any personal interests that might conflict with the interests of Argus. Any potential conflict of interest must be immediately disclosed to a supervisor. Failure to disclose conflicts of interest could result in termination of employment. Such conflicts include, but are not limited to:

1. Advising, consulting, and coming under the employ of any energy or publishing concern that may stand to gain from influencing information in Argus publications.
- 2 Engaging in a personal relationship with any person who may stand to gain from influencing information in Argus publications.

- Argus keeps reporters' records of all types. These records are the property of the Company.
- Argus retains its data for seven (7) years.

Staff

Producing professional market reports requires well-trained staff operating with clear delegations of authority, within a disciplined structure. It requires adequate market cover. Argus ensures that its employees have opportunities to increase their knowledge and experience through training. Employees are trained on general journalism skills, on the markets, and market reporting, and on Argus business processes and policies. In particular, Argus meets the following standards:

- Argus has the resources to ensure that staff cover is always adequate.
- All Argus reporting staff are supervised, monitored and trained. There is extensive market reporting training under the supervision of the report editors. There is in-house training on industry structure, market evolution, industry economics and the different methodological approaches to price reporting.
- Every year the employees are formally asked in their staff review whether they think they require any specific training.
- Employees are provided with the appropriate regional employee manual on joining the company, and receive updates as it is revised. It sets out the company's equal opportunities policy. It also sets out standards and disciplinary procedures.

Data and data security

Data security and integrity is vital to an information service. Argus aims to meet these requirements through a clear data and record-keeping policy. In particular:

- Argus maintains databases and input files for the production of its price assessments. These databases and files are archived, and are maintained by the data team. Secondary back-up of price assessment data is on secure servers.
- The data team is separate from the editorial team.
- Wherever possible, Argus stores its email communication and its Instant Messenger (IM) communication.

Price reporting

Argus journalists investigate the markets on a regular basis to assess spot trade transacted during that day and use this information for price identification. The methodologies used for these assessments vary according to market, reflecting the uniqueness of the different physical markets, but are always defined in consultation with market participants. Argus may report prices as bid and offer, low and high, mean, weighted average, or other variations depending on industry practice and the route preferred for generating market transparency.

Argus aims to ensure that the price assessments it produces and disseminates are based on an analysis of all information available that is of relevance according to its methodologies. Argus publishes prices that report and reflect prevailing levels for open-market arms length transactions. Arms length transactions are those where:

1. The contract price is the sole consideration for the sale;
2. The terms of the sale are not affected by any commercial relationship (other than that created by the contract itself) between the seller or any person connected with the seller and the buyer or any person connected with the buyer; and
3. Neither the seller nor any person connected with him has, directly or indirectly, any interest in the subsequent resale or disposal of the commodity.

Argus adopts all necessary measures so that the information it uses in assessing prices is of sufficient quality and from reliable sources.

To support this, Argus publishes its methodology and all inputs to the price assessment process. It also monitors the quality of its published price assessments through experienced editors and other senior executives. There is also a rolling compliance audit to ensure that reporters and editors are adhering to the published methodologies and maintaining the appropriate record trail to enable the subsequent reconstruction of a price assessment.

Argus publishes its price assessments in a series of market reports. Each report is tailored for a specific physical commodity market. Samples are available online at www.argusmedia.com.

Argus clients have equal access to all its indexes and pricing ranges. Any differences in the timing of receiving subscribed information are purely related to the client's preferred channel of data transmission (e.g. email vs. database access) and are not a hierarchy of access imposed by Argus.

Corrections policy

Argus has a strict corrections policy. A correction may result from the following events:

1. A clerical, mathematical, or programme error that has generated incorrect price data that has then been disseminated to subscribers.
2. A submission of materially incorrect transaction data from a market participant that generates incorrect price data that has then been disseminated to subscribers.

Argus will not retroactively assess markets based on new information learned after the assessments are published.

Argus encourages contributors of transactional data to establish error correction procedures and to submit corrections to submitted data in a prompt manner. Corrected data should be sent through the same channels (i.e. phone, email or IM) as the original data.

Approval from the appropriate Argus senior manager must be obtained before a correction is issued. Corrections are announced through the same communication channels as the publication of assessments. They are published in the market report, and all appropriate databases corrected accordingly.

Detailed procedures on corrections are held internally in the regional policy manuals as well as in the appropriate methodology statements for the market reports.

Methodology and compliance

Rigorous, robust and reliable market reporting requires clearly defined and stated methodologies that are strictly adhered to and diligently maintained. In order to achieve this:

- Each individual report has its own published methodology. The methodologies are available online at www.argusmedia.com. The prior versions of the methodologies for each report are archived and available on request.
- Changes to the methodology or to the specification of any individual assessment are made to the appropriate methodology document as soon as the change is implemented. Argus has an internal procedure that specifies how methodology

changes and new assessments are introduced to the reports. Proposed changes to the specification and/or methodology of each assessment are published in advance of such changes in the appropriate market report. The purpose of this is to notify subscribers and to allow them to comment.

Additionally, Argus has a compliance officer to ensure that there is an audit framework for the review of market price reporting and index construction processes. Internal audits of the entire market reporting process shall be done at least annually by the global compliance officer. In general, this audit will certify that:

- Transaction data is properly collected and stored and confidentiality maintained.
- The methodology is being correctly applied.
- There are processes in place to produce accurate, objective, and reliable prices, and they are being followed.

External audit

The financial statements of Argus Media Ltd. and its subsidiary companies are audited annually by an independent external auditing firm. The results of the final audit are presented to the board and the shareholders in an annual report, which is also filed with Companies House in London.

Consultation and communication

Argus has regular meetings with members of the energy industries, with regulators and with government bodies (such as administrative and tax departments). Argus makes itself available for feedback on the quality of its services through constant consultation in such meetings.

Argus also holds forums for public comment on issues relating to energy price identification. This includes a regular Argus forum held during the well established IP week in London each February, numerous local forums, web-based forums, and conferences.

Argus is in principle always prepared to provide assistance to bona-fide academic and non-commercial researchers undertaking rigorous and independent research investigations. All requests should be made in writing to the company, and will be considered on a case-by-case basis.

Argus will decline any request to appear as an expert witness in litigation.

Business continuity

Argus has business continuity plans in the event of a serious incident that might otherwise impede the continuation of business and the delivery of pricing data to the

industry. The business continuity plans are held by the various Argus offices. Critical staff are trained for emergency procedures should it be necessary to implement the business continuity plan. The business continuity plan includes documents explaining the practical generation and transmission of Argus price assessments from remote locations.

Argus complaints handling procedure

Background:

Customers may from time to time contact Argus market reporters or editors with the following purposes in mind:

- They are seeking clarification of a particular price or of a particular feature of Argus' approach to price identification.
- They require a deeper understanding of the methodological approach Argus has adopted.
- They seek to dispute the published price on a particular day or over a particular period.

Argus considers this dialogue to be indispensable and healthy market interaction and believes that such issues are most effectively dealt with by editors, working with their colleagues as necessary.

If in the course of this dialogue Argus identifies an event from which a correction may result, the Argus correction policy will be applied. The correction policy includes the definition of events from which a correction may result and the procedures for correction approval and publication.

Argus will not log issues that arise in the context of such a dialogue as complaints.

It is recognised however, that, from time to time, a customer may not be satisfied with the response he or she receives from the editor and will wish to escalate the matter within Argus as a "formal complaint".

The formal complaints handling procedure

For a formal complaint to be properly so designated and enter the formal complaints handling process, the complainant must record the formal complaint in writing, expressly stating that they wish the complaint to be handled as a formal complaint, explaining as fully as possible the background to the formal complaint and attaching all relevant materials or evidence where appropriate, and send it to the global compliance officer at Argus House, 175 St. John Street, London, EC1V 4LW, UK.

On receipt, the global compliance officer will:

- Acknowledge receipt of the formal complaint.
- Record the formal complaint in a register subject to regular review by senior management.
- Investigate the formal complaint in a timely and fair manner (including, where appropriate, ensuring that the investigation is conducted independently of any personnel who may be involved in the matter being investigated) with the relevant editor and senior editor and assess the validity of the formal complaint within the framework of Argus' published methodologies and policies and the need for further escalation.
- Where no escalation is deemed necessary, the global compliance officer will formally notify the complainant of the outcome of the investigation in writing.
- Where escalation is deemed necessary, the global compliance officer will formally refer the formal complaint to the independent non-executive board member overseeing formal complaint resolution, advising the complainant of this further step. The global compliance officer will also advise the complainant of the outcome of the board member's investigation.

In all cases, the outcome of the investigation will be advised in writing to the complainant and will also be formally entered in the register. The whole process will be conducted within a reasonable timescale and the complainant will be kept informed of the timetable.

In the event that a complainant considers that Argus has failed to adhere to the complaints handling procedure set out above, the complainant shall be entitled to request, within six months of the original formal complaint, in writing to the global compliance officer a review of how their formal complaint has been handled (but not the decision). The global compliance officer shall then refer the matter to a suitably qualified third party appointed by Argus. The cost of the appeal shall be borne by Argus in the event that the complaint is upheld and otherwise borne by the complainant.

Argus may, at its discretion, choose to publish details of the original formal complaint, identity of the complainant and outcome of the investigation.

All documents relating to a formal complaint, including those submitted by the complainant as well as Argus' own records will be retained by Argus for a minimum of seven (7) years.

Queries

Argus has major offices in all major trading time zones. The details for these offices can be found online at www.argusmedia.com/contact

For further information on this policy and any compliance issues, please contact Argus at: compliance@argusmedia.com

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