

Industrial Chemicals Methodology and Specifications

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Introduction

Acuity Commodities (Acuity) regularly assesses ammonia, caustic soda, chlorine, hydrochloric acid, sulphur, and sulphuric acid prices for its market reports. These prices are reported in addition to data and accompanying analysis. Acuity ensures there is always more than one qualified employee who possesses the relevant levels of expertise for each assessed market to maintain continuity.

This Methodology and specifications guide is designed to give an overview of our general procedures and a clear description of how Acuity assesses prices. This Methodology is routinely reviewed for accuracy and market appropriateness. The Methodology is reviewed annually at a minimum with the month and year of the most recent update included in the published Methodology. When conducting the review, Acuity will consider the views of relevant stakeholders.

Acuity's Methodology is publicly available on its website:

<https://www.acuitycommodities.com/methodologyandcompliance>. Market participants are encouraged to submit feedback on the Methodology, including recommending any important changes. Feedback is welcome at any time and will be considered during the annual review at a minimum.

Outside of the annual review, there could be changes that result from factors such as adding a price assessment or based on feedback from market participants as reviewed by co-founders Fiona Boyd and Freda Gordon. In addition, when Acuity is considering a price assessment change, such as adding or retiring a price assessment, it posts a notice in the impacted report for several issues welcoming feedback from market participants.

General procedures

Acuity produces price assessments that represent market value based on information from market participants. Prices will be assessed based on confirmed business, firm bids, firm offers, and price ideas heard in the market from both sellers and buyers.

Acuity welcomes and encourages market participants to submit market data and ensures confidentiality of data that is submitted. Acuity will use the data as part of the price assessment process at our discretion, which can involve discussion with additional market participants without disclosing who submitted the initial data.

Data and information collected is stored on a secure network, according to Acuity's policies and procedures. Acuity archives notes collected from all forms of market survey and keeps record of how each price assessment is derived.

When data is submitted, the following information is required. If omitted, it will be requested in order for it to be taken into consideration in any price assessment:

- Price (either actual paid, actual sold, firm bid or firm offer)
- Transaction size (in short tons (st) or appropriate measure)
- Load date of cargo/parcel
- Origin
- Destination
- Product specifications (limits described in the “Product specifications” section)
- Any non-standard terms or other points of consideration

Data is accepted via telephone, email, and other electronic communication and through face-to-face meetings.

Acuity also conducts a survey of market participants through the communication methods described above. Acuity seeks to collect, confirm and analyse as much information as possible by surveying a fair ratio of buyers, sellers, traders and other parties. The purpose of the survey process is to discover actual concluded business, firm offers, firm bids or notional price ideas which will be used to support the assessment process.

Any submitted data or information gathered through the survey process that meets Acuity’s methodology standards will be considered when determining a final price assessment. The price assessment includes transactions evaluated on a weighted basis.

When making a final price assessment, priority is given to fully verifiable and transparent market information, such as a transaction confirmed by both counterparties, followed by firm bids and offers and finally, notional price ideas.

Acuity’s definition of a firm bid or firm offer is the price level at which a party intends to enter into an actual transaction. It is not intended to represent notional price ideas heard in the marketplace.

Ultimately Acuity uses its professional judgment to support price assessments which includes analyzing data and information to determine if it meets specific requirements and is not considered a “one-off” or “distressed” event. Acuity’s assessments reflect repeatable market value at the close of the assessment window as described herein.

Spot prices are for shipments to be loaded or delivered within 60 days and contract prices are for the time periods specified. For caustic soda, part cargoes as small as a few thousand tonnes and cargoes up to 50,000t (wet) are considered when assessing price. Prices for hydrochloric acid (HCl) deliveries via rail car or truck during the period of assessment for spot transactions or specified contract period with all quantities taken for assessments. Chlorine contract prices use quarterly indications for all volumes of shipments via railcar. Chlorine transported by pipeline or any other mode of transportation will not be used for contract price assessment.

Pricing data received between publication of the prior issue and current issue is considered when assessing prices.

Acuity regularly reviews the competence and quality of its price assessors through annual internal staff review, and offers training to ensure assessors have the skills and tools to conduct assessments in a consistent and unbiased manner. Assessments are documented by internal Assessment Tables, designed to let the assessor uncover, normalize, and verify actual deals, firm bids, and firm offers against the Acuity Methodology. These tables are subject to weekly review by other approvers to ensure consistency and reliability throughout the assessment process.

Prices are assessed in US dollars (USD) per short ton (st), unless otherwise noted. In certain cases, Acuity may convert its assessments to other currencies or units of measure for comparison purposes. Such conversion factors will accompany any such analysis.

Acuity uses Incoterms as published by the International Chamber of Commerce (ICC). These terms include free on board (FOB) and cost and freight (CFR). Definitions of such terms are available on ICC's website <http://www.iccwbo.org/>

Product specifications

Ammonia

- Commercial grade anhydrous ammonia
- 82% nitrogen content
- 99.5-99.8% ammonia by weight
- 0.2-0.5% water by weight
- Oil content less than 5 parts per million (ppm)

Caustic soda

- Commercial grade caustic soda in aqueous solution
- 49-51% sodium hydroxide content by weight
- 38-40% sodium oxide content by weight
- Sodium chloride content less than 100ppm
- Iron content less than 5ppm
- Carbonate content less than 0.10% by weight
- Sulphate content less than 100ppm
- Chlorate content less than 65ppm

Chlorine

- Commercial grade chlorine
- Minimum 97-99.5% purity
- Water content less than 50ppm

Hydrochloric acid

- Technical grade hydrochloric acid produced by burner
- 22° Baumé (35.2-36.5% HCl by weight)
- Chloride content less than 43ppm
- Sulphuric acid content less than 250ppm
- Iron content less than 1.5ppm
- Nonvolatile residue content less than 500ppm
- Total organic compounds less than 15ppm

Sulphuric acid

- Smelter-based sulphuric acid and sulphur-based sulphuric acid
- 93-98% grade
- Iron concentration of less than 50ppm
- Nitrate concentration of less than 5ppm
- Mercury concentration of less than 1ppm
- Arsenic concentration of less than 1ppm

Price assessments

Spot prices are for shipments to be loaded or delivered within 60 days and contract prices are for the time periods specified.

Pricing data received between publication of the prior issue and current issue is considered when assessing prices.

Prices assessed in Briefing *Industrial Chemicals: US and Canada*

Caustic Soda - Spot

- Caustic Soda US Gulf Coast \$/dry short ton (st) FOB
 - This price assessment represents a level at which spot barge sales have or could transact for caustic soda shipments to any domestic origin from any terminals throughout the US Gulf Coast region in the states of Alabama, Florida, Louisiana, Mississippi, and Texas.
- Caustic Soda US Gulf Coast export \$/dry metric ton (t) FOB
 - This price assessment represents a level at which spot sales have or could transact for caustic soda cargoes to any offshore origin from any terminals throughout the US Gulf Coast region in the states of Alabama, Florida, Louisiana, Mississippi, and Texas.
- Caustic Soda NE Asia \$/dry metric ton (t) FOB
 - This price assessment represents a level at which spot sales have or could transact for caustic soda cargoes to any offshore origin from any terminals in the regions from the countries including China, Korea, Japan, and Taiwan.

Chlorine - Contract

- Chlorine US Gulf Coast contract \$/short ton (st) DEL
 - This price represents a level at which contract prices for liquid merchant chlorine settled on a quarterly basis, from at least one of the three main US Gulf Coast suppliers, for delivery by railcar to a destination within the region including the states of Alabama, Florida, Louisiana, Mississippi, and Texas.

HCl - Spot

- Hydrochloric acid (HCl) US \$/short ton (st) FOB
 - This price assessment represents a level at which spot sales have or could transact for 22-degree Baume hydrochloric acid across the US and Canada.

HCl - Contract

- Hydrochloric acid (HCl) US Gulf Coast contract \$/short ton (st) DEL
 - This price assessment represents a level at which contract sales settled on a quarterly basis for 22-degree Baume hydrochloric acid delivered by truck or

railcar within the states of Alabama, Arkansas, Louisiana, Mississippi, New Mexico, Oklahoma, and Texas.

- Hydrochloric acid (HCl) Western US and Canada contract \$/short ton (st) DEL
 - This price assessment represents a level at which contract sales settled on a quarterly basis for 22-degree Baume hydrochloric acid delivered by truck or railcar within the states or Provinces of Alberta, Arizona, British Columbia, California, Colorado, Idaho, Montana, Nevada, North Dakota, Oregon, Saskatchewan, Utah, Washington, and Wyoming.
- Hydrochloric acid (HCl) US Midcontinent contract \$/short ton (st) DEL
 - This price assessment represents a level at which contract settled on a quarterly basis for 22-degree Baume hydrochloric acid delivered by truck or railcar within the states or provinces of Illinois, Indiana, Iowa, Kansas, Kentucky, Manitoba, Michigan, Minnesota, Missouri, Nebraska, Oklahoma, Ontario, South Dakota, Tennessee, Wisconsin, and Wyoming.

Ammonia - Contract

- Tampa monthly ammonia contract \$/metric ton (t) CFR
 - This price assessment is agreed on a monthly basis between phosphate producer Mosaic and Yara – its primary offshore ammonia supplier. The price is a monthly contract price and will be assessed and published once confirmed and the month commences as it is typically settled the prior month.

Sulphur - Contract

- Tampa quarterly contract \$/long ton (lt) DEL
 - This price assessment is agreed on a quarterly basis between the major consumer of sulphur in the US Mosaic and major US refiners. The price is agreed on a quarterly calendar basis but is not negotiated and settled until the first month of the quarter (January, April, July, October). The price is settled by the end of the first month of the quarter. Acuity will publish the price assessment in the publication following the settlement – which could fall in the second month of the new quarter. The assessment will only be changed once its settlement is confirmed by both the buy and sell sides. This assessment will reflect the price as assessed in the preceding issue of *Briefing: Sulphur* which is published every Wednesday throughout the year.

Sulphuric acid - Spot

- US spot sulphuric acid \$/t CFR
 - This price assessment represents a level at which spot sales have or could transact for sulphuric acid from any offshore origin to be received at terminals throughout the US in the states of California, Florida, Georgia, Louisiana, North Carolina and Texas. This assessment will reflect the price as assessed in the

preceding issue of *Briefing: Sulphuric Acid* which is published every Thursday throughout the year.

Related indicators

Commodity prices related to the covered markets are reported in Acuity's *Industrial Chemicals: US and Canada* as follows:

- WTI crude oil – \$/barrel (bbl)
 - This price represents the WTI crude oil price for the upcoming contract month as of the close of the previous business day prior to publication as published by various outlets.
- Henry Hub natural gas – \$/million British Thermal Unit (Btu)
 - This price represents the Henry Hub spot price from the most recent day prior to publication as published by the US Energy Information Administration (EIA).

Freight rates

Acuity assesses and publishes spot freight rates representative of actual fixtures or spot rates quoted in the market. The survey process is used with logistical providers and buyers of spot freight providing data used to support assessments. Spot freight is for cargoes that will load within 60 days and additional parameters are listed below. The low and high ends of the range for each route are published as well as the rate from the prior publication for comparison purposes. Spot freight for major seaborne/traditional routes which provide the most liquidity have been selected as follows.

Caustic soda freight assessed in *Industrial Chemicals: US and Canada*

- Europe to US East Coast (10-20kt) \$/t (wet)
 - This price represents the assessment of spot freight rates for liquid caustic soda in quantities of 10,000 to 20,000 tonnes by ocean vessel from any European origin delivered to destination on the US eastern seaboard.
- NE Asia to US West Coast (20-25kt) \$/t (wet)
 - This price represents the assessment of spot freight rates for liquid caustic soda in quantities of 20,000 to 25,000 tonnes by ocean vessel from northeast Asian origin including the countries: China, Korea, Japan, and Taiwan, delivered to destination on the western US seaboard.
- NE Asia to US West Coast (38-40kt) \$/t (wet)
 - This price represents the assessment of spot freight rates for liquid caustic soda in quantities between 38,000 to 40,000 tonnes by ocean vessel from northeast Asian origin including the countries: China, Korea, Japan, and Taiwan, delivered to destination on the western US seaboard.
- USGC to US Australia (38-40kt) \$/t (wet)

- This price represents the assessment of spot freight rates for liquid caustic soda in quantities between 38,000 to 40,000 tonnes by ocean vessel from US gulf coast origin, delivered to destination in Australia.
- USGC to Brazil (20-25kt) \$/t (wet)
 - This price represents the assessment of spot freight rates for liquid caustic soda in quantities between 20,000 to 25,000 tonnes by ocean vessel from US gulf coast origin, delivered to a destination in Brazil.
- USGC to Brazil (38-40kt) \$/t (wet)
 - This price represents the assessment of spot freight rates for liquid caustic soda in quantities between 38,000 to 40,000 tonnes by ocean vessel from US gulf coast origin, delivered to a destination in Brazil.

Correction

Acuity is committed to promptly correcting any errors, including price assessments and other market information. We strive to provide independent analysis and increase transparency in the covered markets. As such, any questions or concerns from subscribers will be thoroughly reviewed by Acuity. We strongly encourage feedback from our customers.

Any authorised reader/user who has identified an error in any of Acuity's published reports including price assessments or written content should notify Acuity by email at info@acuitycommodities.com with the subject line including "Correction" with reference to the corresponding report. An authorized user is considered one working for a company that holds an active subscription to the publication connected to the compliant.

Once Acuity is aware of a potential correction, it will internally review the need of any correction. If a correction is warranted, including any price change that is made after the original assessment, Acuity will reissue the report and identify it as corrected, including the reason for the correction and communicate to the market as soon as possible.

Separately, if Acuity through its own internal review determines a correction to any of its published reports is needed, including any price change that is made after the original assessment, Acuity will reissue the report and identify it as corrected, including the reason for the correction and communicate to the market as soon as possible.

Complaints procedure

Disputes as to daily pricing determinations are not considered as formal complaints and are resolved by following our Corrections procedure.

In the event any authorized reader/user of Acuity's published reports should have a formal complaint, the following procedure is adhered to. A formal complaint is regarding whether a specific price assessment is representative of market value, proposed price assessment changes, applications of Methodology in relation to a specific price assessment, other editorial decisions in relation to price assessment processes or written content.

Any complaint should be submitted in written form to info@acuitycommodities.com with the subject line including “Complaint” with reference to the corresponding report. Once the complaint is received, Acuity will acknowledge receipt of the complaint in writing within three (3) working days and will determine which member of its team is responsible for the specified price assessment or written content. Once determined, another member of the team, an independent member of staff who is not subject of the complaint, in a senior or equal role will manage and resolve the complaint.

Resolution will be reached following a prompt investigation, with the outcome reported to the complainant and any other relevant parties in writing within fourteen (14) working days. In the event of a complex complaint, this may not be possible, but Acuity aims to resolve any complaint in a timely and fair manner.

In the event a complainant wishes to exercise the right to appeal Acuity’s decision, this should be done no later than six (6) months after the original complaint was filed. An independent third party will be appointed by Acuity to reach an external resolution in a timely and fair manner.

The steps described above will be logged in Acuity’s internal Complaint Register.

If a formal complaint results in a change in price, Acuity will communicate to the market as soon as possible following our Corrections procedure.

All documents relating to a complaint, including those submitted by the complainant, as well as Acuity’s internal Complaint Register document is retained on a secure, internal drive for at least five (5) years.

Publication schedule

Industrial Chemicals: US and Canada is published on the last Tuesday of every month throughout the year. If the schedule is to be altered because of events such as public holidays, a notice will be put in the publication for the two reports prior to the report that will be impacted.

Publication dates are subject to change in the event of unforeseen circumstances that limit Acuity’s ability to adhere to its regular publication schedule. This includes circumstances such as natural disasters or any other situation that results in an interruption of business continuity in Acuity’s operations. In the case of such an event, Acuity will communicate through postings on our website and/or direct emails.