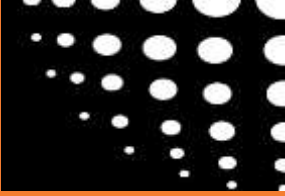


11th World PetroCoal Congress & Expo 2021
16 February 2021

Coal trading in a changing environment

Martin Abbott, CEO of globalCOAL

DISCLAIMER

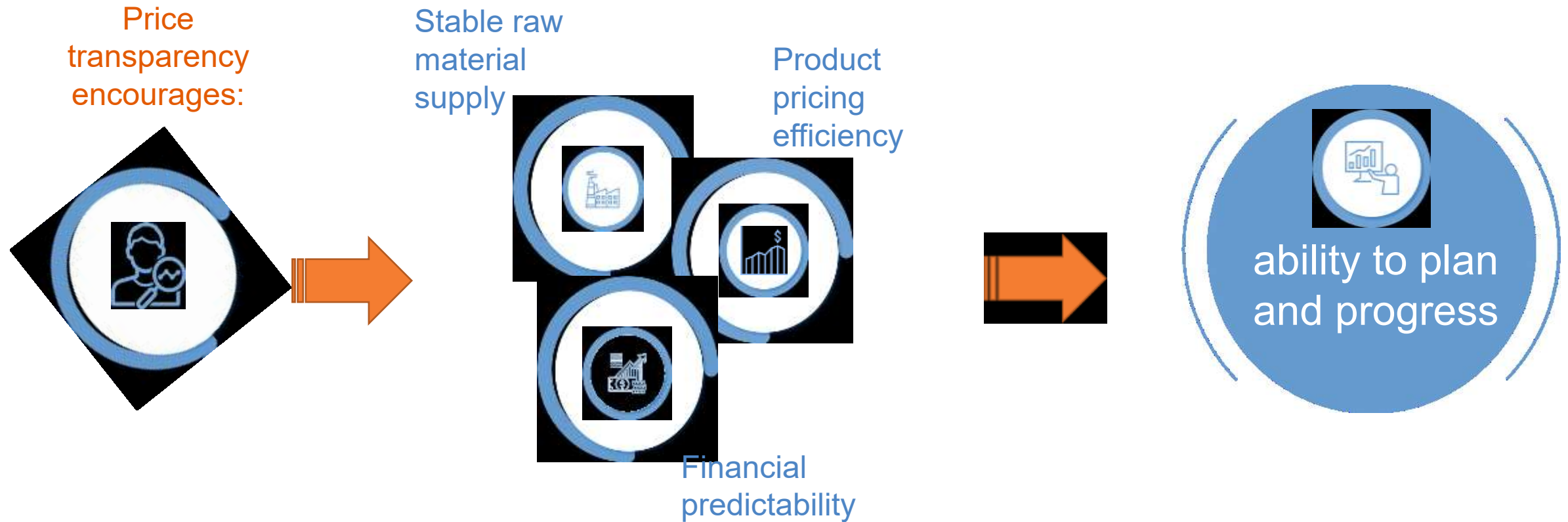


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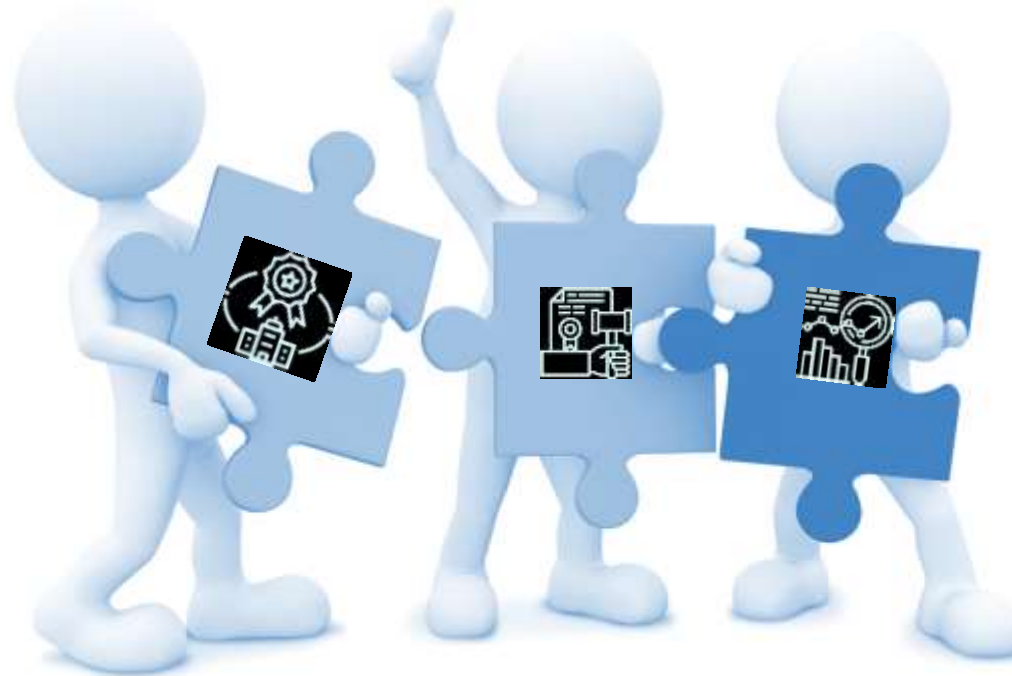
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EVOLUTION FROM A STABLE PLATFORM



EVOLUTION FROM A STABLE PLATFORM

A standardised marketplace + High regulatory standards + Verifiable data = The ability to make good decisions



WHY SCOTA?

- The cornerstone of coal market standardisation
- Developed in 2001
- Created and managed by globalCOAL
- Constantly refined and updated
- Balances the interest of buyers and sellers
- Regular SCoTA training workshops
See www.globalcoal.com

SCoTA is the most widely-used standard contract –
2500+ companies are licensed to use it



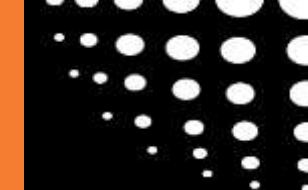
WHAT IS STANDARDISED TRADING?

- Basis an agreed standard specification
- Specification is defined by a number of quality parameters
- Example:
RB1 spec →

RB1

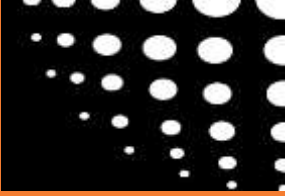
Specifications	
Calorific Value Basis (kcal/kg NCV)	6,000
Calorific Value Min (kcal/kg NCV)	5,850
Total Moisture (ARB)	12.0% Max
Volatile Matter (ARB)	22.0% Min
Ash (ARB)	15.0% Max
Sulphur (ARB)	1.0% Max
Hardgrove Grindability Index (HGI)	45 – 70
Nominal Topsize	50 mm
IDT	Min 1,250 °C in a reducing atmosphere
Calcium Oxide in Ash (DB)	12.0% Max

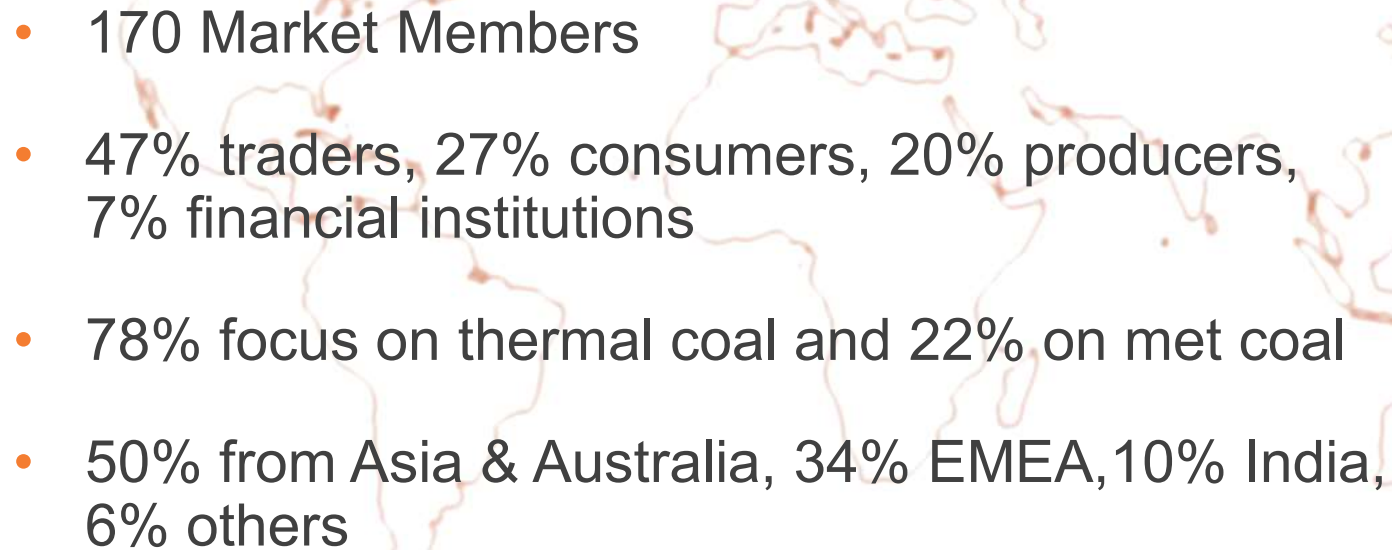
WHY STANDARDISED TRADING?



- Negotiations are fast-tracked – focus on price and volume
- Transaction are based on robust, tried and tested T&Cs
- Little to no contractual basis risk on back-to-back transactions
- Transparent and consistent price adjustments
- Fully comparable pricing basis
- Facilitates adjustment of positions
- Enables more aligned hedges to reduce price risk

THE GLOBALCOAL TRADING COMMUNITY



- 
- 170 Market Members
 - 47% traders, 27% consumers, 20% producers, 7% financial institutions
 - 78% focus on thermal coal and 22% on met coal
 - 50% from Asia & Australia, 34% EMEA, 10% India, 6% others

TWO TYPES OF TRADING

PHYSICAL TRADING

- Buy/sell the actual physical commodity
 - Fixed price
 - Index-linked
 - EFP
- A standard spec and standard T&Cs makes physical coal trading easier and creates pools of liquidity

FINANCIAL TRADING

- Buy/sell the performance of an index
- For hedging or speculative purposes
- Instruments include:
 - OTC cleared Futures
 - Exchange-traded Futures
 - Options

The futures market is derived from the success of the underlying physical market, underpinned by a robust index methodology and objective data points

GLOBALCOAL DATA IS...

Reliable

The index methodology was developed in collaboration with the industry

Transparent

Physical transactions, bids and offers, from which the Index is derived, are published and are also available to subscribers in real-time

Objective

Indices are derived only from transactions, bids and offers and no subjective assessment is involved in their determination

gC screen data is used to create key market indices by gC as well as other PRAs



From pre-trade analytics to the analysis of historical pricing trends, correlations, price forecasting, and more...



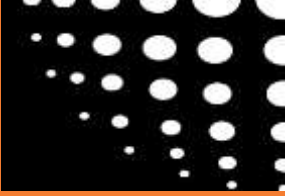
Asset valuation, strategy testing, internal transfer pricing, management reporting, and more...



Settlement basis or reference price in supply/procurement or derivative contracts



Marking assets and liabilities against reliable daily pricing points and calculating profit and loss



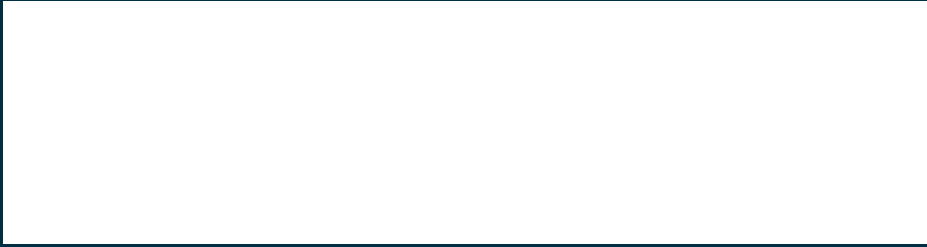
gC is an FCA approved Benchmark Administrator under UK Benchmark Regulation

This approval

- enables globalCOAL's key indices, including gC NEWC and gC RB, to be used as settlement against ICE derivatives.
- underlines gC's commitment to high standards in benchmark administration, ensuring objectivity, quality, reliability, and integrity of its benchmarks for market participants.

SUMMARY OF THE BENEFITS OF THE GC MODEL





THANK YOU FOR YOUR TIME

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