

# **Modo Energy IOSCO Compliance Statement**

Effective Date: November 2025

## **IOSCO PRINCIPLES FOR FINANCIAL BENCHMARKS COMPLIANCE STATEMENT IN RELATION TO MODO ENERGY'S INDICES**

This Compliance Statement is provided on a voluntary basis in respect of the benchmarks produced and administered by Modo Energy (Benchmarking) Limited ("Modo Energy"), to demonstrate Modo Energy's alignment with the IOSCO Principles for Financial Benchmarks.

Modo Energy is responsible for the design, determination, and administration of proprietary indices that measure the revenue performance of utility-scale battery energy storage systems in wholesale electricity markets (the "Modo Energy Administered Indices"). These indices are developed as part of Modo Energy's broader mission to enhance transparency and understanding of energy-storage asset revenues.

This document sets out how Modo Energy aligns its governance, control, and operational frameworks with the IOSCO Principles for Financial Benchmarks (July 2013) (the "IOSCO Principles"). It outlines the measures implemented to promote integrity, transparency, and reliability across all Modo Energy Administered Indices.

Modo Energy considers itself to be in compliance with the IOSCO Principles for Financial Benchmarks as of November 2025. The company's governance, control, and accountability frameworks have been independently reviewed through its Oversight Function and found to be consistent with the intent and requirements of the IOSCO Principles, applied on a proportionate basis.

This Compliance Statement applies to all indices administered by Modo Energy (Benchmarking) Limited under its benchmark-administration framework. The specific indices currently administered are listed in Appendix A – Modo Energy Administered Indices.

Modo Energy remains committed to maintaining a benchmark-administration framework that is proportionate, robust, and designed to uphold confidence in the indices it produces, and will update this statement periodically to reflect any expansion in scope or material changes to its governance arrangements.

# COMPLIANCE WITH INDIVIDUAL IOSCO PRINCIPLES

## Section A: Governance

### Principle 1: Overall Responsibility of the Administrator

#### Overview of Principle:

This Principle requires the Administrator to retain full responsibility for all aspects of the benchmark determination process, including development, determination, and dissemination. It also requires credible and transparent governance arrangements, with clearly defined roles and accountability.

#### Modo Energy Approach:

Modo Energy (Benchmarking) Limited is established as a standalone legal entity, ensuring full responsibility and accountability for benchmark administration. All functions related to the design, calculation, and publication of the Modo Energy Administered Indices are conducted within this entity, under a documented governance framework. An independent Oversight Function provides challenge and supervision over methodology, control arrangements, and contingency measures. The company maintains published documentation—including the Benchmark Statement, Methodology, and Control Framework—to ensure transparency and integrity in all aspects of benchmark administration.

### Principle 2: Oversight of Third Parties

#### Overview of Principle:

Administrators must maintain effective oversight of any third parties performing benchmark-related functions.

#### Modo Energy Approach:

Modo Energy performs all benchmark determination, calculation, and publication functions internally, with no outsourcing of core activities to third parties or calculation agents. This structure ensures full control and accountability remain within the Administrator. While no third-party providers currently participate in the benchmark process, oversight provisions and contingency clauses exist should future outsourcing become necessary. The Oversight Function monitors adherence to internal control standards and confirms that all benchmark activities continue to operate under direct internal governance and supervision.

### Principle 3: Conflicts of Interest

#### Overview of Principle:

Administrators must identify, document, and manage conflicts of interest to protect the integrity and independence of benchmark determinations.

#### Modo Energy Approach:

Modo Energy maintains a comprehensive conflicts-of-interest framework that ensures the independence of benchmark determination from any commercial influence. Benchmark administration is functionally and operationally separated from Modo Energy's commercial teams, and staff engaged in benchmark activities are subject to annual conflict declarations,

fixed-salary remuneration, and trading restrictions. The benchmark calculation process is fully automated, removing any scope for individual discretion or manual manipulation. Oversight Function reviews verify that all potential conflicts—whether arising from ownership, control, or personal connections—are documented, mitigated, and disclosed where material.

#### **Principle 4: Control Framework**

Overview of Principle:

Administrators should implement an appropriate control framework covering governance, validation, continuity, and accountability for the benchmark determination process.

Modo Energy Approach:

Modo Energy's Control Framework sets out the systems, procedures, and internal checks governing every stage of benchmark administration. It covers data sourcing and validation, access controls, operational risk management, business continuity, and complaints handling. Automated calculation environments ensure benchmarks are produced accurately and on time, while fallback systems guarantee continuity during disruption. The Control Framework is reviewed annually by the Oversight Function, ensuring that controls remain effective, proportionate, and aligned with regulatory expectations.

#### **Principle 5: Internal Oversight**

Overview of Principle:

Administrators must establish an independent oversight function to review and challenge the benchmark determination process, including methodology changes and operational risks.

Modo Energy Approach:

Modo Energy's Oversight Function operates independently from day-to-day management and reports directly to the Board. Its Terms of Reference define its authority, composition, and responsibilities, including the annual review of methodologies, oversight of audit outcomes, and monitoring of discretionary judgment. The Oversight Function provides formal challenge to the Administrator on methodology changes, risk controls, and cessation procedures, ensuring that governance decisions are properly evidenced and independently verified.



## **Section B: Quality of the Benchmark**

### **Principle 6: Benchmark Design**

Overview of Principle:

The design of a benchmark must accurately and reliably represent the economic realities of the market it measures.

Modo Energy Approach:

The Modo Energy Administered Indices are designed to measure the revenue performance of utility-scale battery energy storage systems (“BESS”) participating in wholesale GB markets. Their methodology captures the full breadth of operational assets and market services to ensure representativeness and robustness. Data coverage, inclusion criteria, and aggregation processes are reviewed annually to confirm the benchmarks remain accurate reflections of underlying market conditions and not influenced by any participant or external factor.

### **Principle 7: Data Sufficiency**

Overview of Principle:

The data used for benchmark determination should be sufficient and based on observable, competitive market activity.

Modo Energy Approach:

Modo Energy sources all input data from transparent, regulated GB electricity markets such as the Balancing Mechanism, wholesale markets, and ancillary services. These datasets are generated through observable, arm’s-length transactions between independent market participants, ensuring authenticity and reliability. Automated validation routines check completeness and integrity, while Oversight Function reviews confirm continued adequacy and representativeness of data used in benchmark determination.

### **Principle 8: Hierarchy of Data Inputs**

Overview of Principle:

Administrators should establish and publish clear hierarchies for input data and use of expert judgment.

Modo Energy Approach:

Modo Energy’s methodology defines a transparent hierarchy prioritising real-time market data first, followed by verified post-settlement data where available. Expert judgment is applied only in limited, pre-defined circumstances—such as determining appropriate market coverage or validating asset classification and sizing—and is governed by Modo Energy’s Discretion Policy. All instances of discretion are recorded in the Discretion Register and reviewed by Compliance and the Oversight Function to ensure consistency, transparency, and full traceability.

### **Principle 9: Transparency of Benchmark Determination**

Overview of Principle:

Administrators should provide sufficient information to allow stakeholders to understand how benchmarks are determined.

Modo Energy Approach:

Modo Energy publishes a detailed Benchmark Methodology and Benchmark Statement outlining data sources, weighting logic, frequency of calculation, and the limited circumstances in which discretion may be applied. Because the full methodology is publicly disclosed, individual benchmark publications do not need to repeat underlying input details or calculation steps. This avoids operational inefficiency while still ensuring full transparency, as users and regulators can refer to the published methodology to understand how benchmark values are derived and validated.

### **Principle 10: Periodic Review**

Overview of Principle:

Administrators should periodically review the underlying interest and market conditions to ensure benchmarks remain appropriate.

Modo Energy Approach:

Modo Energy's Research Team continuously monitors GB electricity and BESS market developments to identify structural or behavioural shifts that could impact benchmark representativeness. The Oversight Function conducts a formal annual review of the methodology to confirm alignment with market conditions. Where significant changes occur, updated methodologies are published with a clear explanation of rationale and timing.

## **Section C: Quality of the Methodology**

### **Principle 11: Content of the Methodology**

Overview of Principle:

Administrators should document and publish methodologies, including rationale, data sources, and review procedures.

Modo Energy Approach:

Modo Energy provides comprehensive public documentation describing its calculation methodology, input hierarchies, data sources, and rationale for benchmark design. The Benchmark Statement complements this by defining the benchmark's market scope, purpose, and limitations. These documents enable users to understand and evaluate representativeness, and they are reviewed annually by the Oversight Function to ensure ongoing accuracy.

### **Principle 12: Changes to the Methodology**

Overview of Principle:

Administrators should publish procedures for making material changes to methodologies and consult stakeholders appropriately.

Modo Energy Approach:

Modo Energy operates a formal Methodology Change Procedure defining what constitutes a material change and requiring stakeholder consultation for two weeks before implementation. Feedback is logged and reviewed by the Oversight Function, which approves all updates and ensures that rationale, timing, and consultation outcomes are transparently published.

### **Principle 13: Transition or Cessation**

Overview of Principle:

Administrators should maintain clear written policies for potential benchmark cessation or transition.

Modo Energy Approach:

Modo Energy maintains documented cessation and fallback procedures proportionate to the non-significant nature of its benchmarks. These define triggers such as loss of representativeness, data unavailability, or regulatory change. Oversight Function approval and stakeholder consultation are required before any cessation. The Benchmark Statement summarises these procedures, ensuring stakeholders have clarity on the process for orderly discontinuation.

### **Principle 14: Submitter Code of Conduct**

Overview of Principle:

Administrators relying on submissions must ensure contributor standards and integrity controls.

Modo Energy Approach:

Not applicable. Modo Energy's benchmarks are fully rules-based and rely exclusively on independent, publicly available market data rather than contributor submissions.

### **Principle 15: Internal Controls over Data Collection**

Overview of Principle:

Administrators must ensure integrity, confidentiality, and reliability of externally sourced data.

Modo Energy Approach:

All external data used by Modo Energy is sourced from verified platforms such as NESO and Elexon. The Control Framework governs selection, validation, and secure handling of data, supported by automated ingestion and encryption protocols. Audit logs record all data interactions, and periodic oversight reviews confirm ongoing data integrity and compliance with confidentiality obligations.

## **Section D: Accountability**

### **Principle 16: Complaints Procedures**

#### Overview of Principle:

Administrators should maintain accessible, transparent, and fair complaints-handling procedures.

#### Modo Energy Approach:

Modo Energy provides a public benchmark complaints form on [modoenergy.com](http://modoenergy.com), enabling stakeholders to raise concerns regarding benchmark determinations or methodology.

Complaints are acknowledged within ten working days, independently reviewed by Compliance, and escalated to the Oversight Function if required. Records of all complaints and outcomes are retained for at least five years and reviewed annually to identify trends or improvements.

### **Principle 17: Audits**

#### Overview of Principle:

Administrators should appoint independent reviewers to assess adherence to principles and methodology.

#### Modo Energy Approach:

Modo Energy conducts annual internal reviews led by the Oversight Function to verify compliance with the IOSCO Principles and UK BMR. The scope and frequency are proportionate to the size and risk of the benchmarks. External audits may be commissioned if benchmark usage expands or regulatory expectations change. Audit outcomes are documented and reported to the Board, with remedial actions tracked to completion.

### **Principle 18: Audit Trail**

#### Overview of Principle:

Administrators must retain full records and audit trails for benchmark determinations and decisions.

#### Modo Energy Approach:

Modo Energy's systems automatically store all input data, calculation parameters, validation results, and oversight decisions within secure archives. The Discretion Register records any use of expert judgment, while the Complaints Register and Oversight minutes provide a full audit trail of operational and governance activity. These records ensure transparency, accountability, and traceability across the entire benchmark lifecycle.

### **Principle 19: Cooperation with Regulatory Authorities**

#### Overview of Principle:

Administrators must make relevant documents and records available to regulators upon request.

#### Modo Energy Approach:

Modo Energy cooperates fully with the Financial Conduct Authority and any other competent authority, providing prompt access to benchmark documentation, policies, and records upon request. During registration and subsequent supervisory reviews, Modo Energy has supplied comprehensive evidence of its governance and control frameworks. The company remains committed to transparency, regulatory engagement, and ongoing adherence to the IOSCO Principles.

## **Appendix A – Modo Energy Administered Indices**

The following benchmarks are administered by Modo Energy (Benchmarking) Limited under its benchmark administration framework (collectively, the “Modo Energy Administered Indices”)

Modo Energy (Benchmarking) Limited administers the family of ME BESS GB indices under its benchmark-administration framework.

These benchmarks measure the revenue performance of grid-connected, utility-scale battery energy storage systems operating in Great Britain’s wholesale markets.

The ME BESS GB Index Family consists of the following benchmarks:

- ME BESS GB - Includes all qualifying assets in Great Britain.
- ME BESS GB (1H) - Includes all qualifying assets with a system duration of less than 1.5 hours.
- ME BESS GB (2H) - Includes all qualifying assets with a system duration of more than 1.5 hours and less than 2.5 hours.

All indices in the ME BESS GB family are constructed using the same published methodology, with the only differences being the inclusion criteria relating to asset duration. The methodology is publicly available at: [modoenergy.com/benchmarking/methodology/gb](http://modoenergy.com/benchmarking/methodology/gb).

## **Appendix B – Other Indices developed by the Modo Energy Group**

The following indices are designed and maintained within the wider Modo Energy group but are not administered by Modo Energy (Benchmarking) Limited and therefore fall outside the scope of this IOSCO Compliance Statement. They are included here for completeness only:

- ME BESS ERCOT Index Family
- ME BESS CAISO Index
- ME BESS AUS NEM Index Family
- ME TB Benchmarks

Although these indices are not within the legal scope of Modo Energy (Benchmarking) Limited, they are developed within the wider Modo Energy group using the same underlying principles, design standards, and operational practices that guide Modo Energy’s benchmark development more broadly. These indices may be brought into the formal scope of the Administrator and future IOSCO assessments as the benchmark oversight framework expands.