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Benchmark Statement

Freightos Baltic Global Container Index (FBX) Container Box Benchmarks

1. Introduction

- 1.1 This benchmark statement is provided by the Baltic Exchange Information Services Limited (**BEISL**) as an administrator of the Freightos Baltic Global Container Index (**FBX**) Container Box family of benchmarks. The Container Box Benchmark family are produced jointly by Freightos Limited, as the Calculating Agent and BEISL as the Benchmark Administrator. BEISL will review and, where necessary, update information provided in this benchmark statement in the event of any relevant changes, including whenever information contained in this statement ceases to be correct or sufficiently precise, and in any event at least once every two years.
- 1.2 The content of this document has been prepared in accordance with the requirements of The UK Benchmark Regulation (UK **BMR**) the corresponding secondary legislation, notably Commission Delegated Regulation (EU) 2018/1643 on the contents of, and cases where updates are required to, the benchmark statement to be published by the administrator of a benchmark and Commission Delegated Regulation (EU) 2020/1816 regarding the explanation of how environmental, social and governance (ESG) factors are reflected in each benchmark¹.
- 1.3 This benchmark statement should be read in conjunction with the FBX Guide. Among other things, the FBX Guide includes definitions of all key terms relating to the Container Box Benchmark family and referenced in this benchmark statement.
- 1.4 BEISL does not currently assign an international securities identification number (ISIN) to the benchmarks for which it is the administrator.

2. About the Container Box Benchmark Family

General information

- 2.1 The Container Box Benchmarks are calculated by the Calculating Agent using Input Data derived from Relevant Data entered into the Freightos Applications by international freight forwarders

¹ Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (Text with EEA relevance) (Retained EU Legislation); Commission Delegated Regulation (EU) 2018/1643 of 13 July 2018 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council with regard to regulatory technical standards specifying further the contents of, and cases where updates are required to, the benchmark statement to be published by the administrator of a benchmark, OJ L 274 (5 November 2018) and Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published.

(**IFFs**) and Non Vessel Owning Common Carriers (**NVOCCs**). The Container Box Benchmarks are not based on contributions of input data provided by panellists.

- 2.2 The Container Box Benchmark family qualifies as non-significant benchmarks as defined under Title III, Articles 20 and 24 UK BMR.

Economic reality measured

- 2.3 The Container Box Benchmarks intend to measure the cost to transport a container box on a trade route. They are a set of indices that reflect ocean container transport spot freight rates across global tradelanes. Container Box Benchmarks are the median all-in price, port to port, for a standard forty-foot (FEU), non-refrigerated container, based on carriers' rolling tariffs and related surcharges.
- 2.4 Circumstances in which such measurement may become unreliable may include insufficient Input Data and/or various unforeseen developments in the marketplace.
- 2.5 Participants in the market that the Container Box Benchmark family seeks to measure include international freight forwarders (**IFFs**) and Non Vessel Owning Common Carriers (**NVOCCs**).

Technical specifications when discretion may be exercised and controls for use of expert judgement or discretion

- 2.6 BEISL's benchmark determination process takes into account the relatively limited liquidity of shipping markets and the underlying volatility. Input Data is the primary source of data for the determination of the Container Box Benchmarks. Only where there is insufficient Input Data for a specific assessment, whether this is due to there being fewer than ten valid rates for a tradelane, or fewer than five Carriers on a tradelane, will the Waterfall methodology (set out in Appendices of the FBX Guide) be invoked and alternative data be used in the determination of the Container Box Benchmarks. Where the Waterfall methodology is invoked, the Assessor may use his/her Expert Judgement and discretion in the determination of the Container Box Benchmarks to decide whether to validate the calculated value or replace the calculated value with the manual pricing calculated in accordance with the Waterfall methodology. Details of the methodology followed in these circumstances is set out in Appendices of the FBX Guide. A Senior Freight Assessor shall verify and sign off the Container Box Benchmarks and authorise publication.
- 2.7 The Calculating Agent does not exercise any discretion or use any expert judgement in the calculation of the Container Box Benchmarks.

Notice of possible changes or cessation of benchmark

- 2.8 The shipping market is a dynamically changing environment, with trade patterns changing and evolving over time. Such developments may have an impact on the benchmarks administered by BEISL, which seeks to ensure that they are appropriately reflected in the benchmark methodologies. It is also possible that certain factors, including factors beyond the control of BEISL, may necessitate changes to, or the cessation of, the benchmark. Users of the Container Box Benchmark family should take note of the fact that changes to the benchmark or the cessation thereof may have an impact upon the financial instrument that references that benchmark.

Benchmark methodology rationale and review

- 2.9 BEISL is under obligation to ensure the integrity of its benchmarks. To this end, BEISL strives to ensure that its methodology reflects the realities of the shipping market which change constantly. BEISL benchmarks are calculated on the basis of Input Data which is derived from Relevant Data provided by pre-validated IFFs and NVOCCs using the Calculating Agent's rate management services.

- 2.10 BEISL also undertakes regular, at least annual, reviews of the methodologies for all the benchmarks it provides. The regular reviews are undertaken by the BEISL Board and by the BEISL Oversight Function. Any material changes to the benchmark methodology has to be approved by the BEISL Board.
- 2.11 The FBX Guide sets out possible types of changes to the BEISL benchmark methodologies including material and non-material changes. Each type of change is subject to separate procedures, as outlined in the FBX Guide.
- 2.12 Both changes and proposed benchmark cessation involve consultation with the relevant stakeholders. In respect of material changes, BEISL acknowledges that detailed consideration of the impact of prospective changes is required and that market participants need to be given sufficient notice of any such upcoming changes. It therefore sets out and communicates to the marketplace implementation plans and relevant timelines well in advance prior to initiating such changes.

Criteria and procedures for determination of benchmarks

- 2.13 Base data originates from IFFs and NVOCCs who use Freightos Applications in their day to day business. Inclusion of base data in Relevant Data is subject to the eligibility requirements set out in the FBX Guide. BEISL's benchmark determination process is based on Input Data derived from Relevant Data and consists of Port to Port rates that have been created or modified within the last three months of publication day and are valid on the day of publication, they include all charges for a container yard to container yard (CY-CY) service. This includes ocean freight and any applicable seaborne surcharges; it does not include origin or destination port charges or import customs.
- 2.14 General rules applicable to calculation of the Container Box Benchmarks require that the priority is given to Input Data. The Container Box Benchmark methodology takes into consideration circumstances where the data density is insufficient, where there is fewer than ten valid rates for a tradelane or fewer than five Carriers on a tradelane, and provides for the contribution of additional rates in accordance with the Waterfall methodology (set out in Appendices of the FBX Guide). In these circumstances the Assessors may use their expert judgement and discretion in the determination of the Container Box Benchmarks.
- 2.15 The published benchmarks are calculated in accordance with the mathematical calculations set out in the FBX Guide. The benchmark methodology involves calculating a weighted average by carrier for each tradelane; the weighting reflecting each carrier's volume on that tradelane. The benchmark methodology does not include any models or methods of extrapolation.

Procedures applicable in periods of stress or insufficiency of transaction data

- 2.16 BEISL recognises that periods of stress or periods when transaction data sources are insufficient, inaccurate or unreliable may arise from time to time, therefore resulting in benchmark limitations in such periods. The FBX Guide outlines the procedures applicable in such circumstances, the Waterfall methodology, which are summarised in sections 2.14 of this benchmark statement. In addition, BEISL maintains a Benchmark Business Continuity and Disaster Recovery Plan policy, as set out in Appendices of the FBX Guide.

Procedures for dealing with errors

- 2.17 Whilst BEISL is committed to providing Container Box Benchmarks that are of the highest quality, accurate and reliable, it recognises, that in some situations inaccuracies can arise that may warrant a restatement of the Container Box Benchmark. Such inaccuracies may be caused by events such as the incorrect application of the methodology.
- 2.18 In the event that BEISL becomes aware of an inaccuracy, or possible error requiring investigation, BEISL shall investigate the incident and contact the Calculating Agent to request clarification or additional information as required. BEISL will review the impact on affected Container Box Benchmark(s) and determine whether any restatement action is required.

- 2.19 Where necessary, BEISL will publish a circular, providing the reason for the restatement action together with any relevant revised material. The BEISL Board and BEISL Oversight Functions shall be made aware of any restatement or underlying issues of which they would expect to be informed.
- 2.20 Not all inaccuracies warrant a Container Box Benchmark restatement, and some incidents may be more determinative than others. In complex circumstances, BEISL may consult market participants in order to determine the most appropriate course of action.

Benchmark limitations

- 2.21 Due to the nature of the shipping markets, there may be periods of relatively limited liquidity and as such it is possible that there may be insufficient data density to be sufficiently representative of the market in order to ensure the accuracy and reliability of a Container Box Benchmark. As set out in Section 2.14 above, the data density is considered as insufficient where there is fewer than ten valid rates for a tradelane or fewer than five Carriers on a tradelane. The Container Box Benchmark methodology provides for the contribution of additional rates in accordance with the Waterfall methodology which is set out in Appendices of the FBX Guide.
- 2.22 Further, BEISL recognises that from time to time there may be an exceptional market event that could render the benchmark reporting impossible or meaningless. Examples of such events include the outbreak of war, terrorism, civil unrest, sanctions and major accidents that render ports inaccessible. In such circumstances, BEISL's FBX Guide contains procedures for emergency changes, as set out in the FBX Guide.

Environmental, Social and Governance (ESG) Factors

- 2.23 BEISL acknowledges the UK BMR requirement to explain, where applicable, in the benchmark statement how the relevant benchmark or family of benchmarks reflects the ESG objectives. We further acknowledge the technical specifications concerning the ESG factors as set out in the Commission Delegated Regulation (EU) 2020/1816 and 2020/1817. In light of this, we confirm that BEISL does not currently pursue the ESG objectives in the benchmarks it determines and BEISL's methodology does not align with the target of carbon emission reductions or attain the objectives of the Paris Agreement. BEISL is, however, ambitious to direct its benchmark administration activities towards opportunities related to ESG.

Annex 1

Explanation of how ESG factors are reflected in the Benchmark Statement

FBX Container Box Family

Section 1: Consideration of ESG Factors	
Item 1: Name of the benchmark administrator	Baltic Exchange Information Services Ltd
Item 2: Type of benchmark or family of benchmarks. (<i>Choose the relevant underlying asset from the list provided in Annex II.</i>)	Other
Item 3: Name of the benchmark or family of benchmarks.	FBX Container Box Family
Item 4. Are there in the portfolio of the benchmark administrator any EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks, benchmarks that pursue ESG objectives or benchmarks that take into account ESG factors?	Yes ☐ No ☒
Item 5. Does the benchmark or family of benchmarks pursue ESG objectives?	Yes ☐ No ☒
Item 6. Where the response to Item 5 is positive, provide below the details (score) in relation to the ESG factors listed in Annex II for each family of benchmarks at aggregated level. The ESG factors shall be disclosed at an aggregated weighted average value at the level of the family of benchmarks.	
(a) List of combined ESG factors: N/A	Details of each factor: N/A
(b) List of environmental factors: N/A	Details of each factor: N/A
(c) List of social factors: N/A	Details of each factor: N/A
(d) List of governance factors: N/A	Details of each factor: N/A
Item 7. Where the response to Item 5 is positive, provide below the details (score) for each benchmark, in relation to the ESG factors listed in Annex II, depending on the relevant underlying asset concerned. Alternatively, all of this information may be provided in the form of a hyperlink to a website of the benchmark administrator included in the benchmark statement. The information on the website shall be easily available and accessible. Benchmark administrators shall ensure that information published on their website remains available for five years.	

The score of the ESG factors shall not be disclosed for each constituent of the benchmark but shall be disclosed at an aggregated weighted average value of the benchmark.	
(a) List of combined ESG factors: N/A	Details of each factor: N/A
(b) List of environmental factors: N/A	Details of each factor: N/A
(c) List of social factors: N/A	Details of each factor: N/A
(d) List of governance factors: N/A	Details of each factor: N/A
Item 8. Data and standards used	
(a) Description of data sources used to provide information on the ESG factors in the benchmark statement. <i>Describe how the data used to provide information on the ESG factors in the benchmark statement are sourced and whether and to what extent, data are estimated or reported.</i>	N/A
(b) Reference standards <i>List the supporting standards used for the reporting under item 6 and/or item 7.</i>	N/A