

Conflict of Interest Disclosure Statement

Freightos Baltic Global Container Index Benchmarks

1 Introduction

- 1.1** Baltic Exchange Information Services Ltd (**BEISL**) is a wholly owned subsidiary of the Baltic Exchange Ltd. The Freightos Baltic Global Container Index™ (**FBX**) is a set of indexes that reflect ocean container transport spot freight rates across 12 global tradelanes (the **Container Box Benchmarks**). The Container Box Benchmarks are produced jointly by Freightos Limited (the **Calculating Agent**) and BEISL.
- 1.2** This document discloses any existing or potential conflicts of interest that have been identified and may arise in connection with the Container Box Benchmark administration activities as set out in the Guide to FBX Benchmarks. Additional information about the identification, disclosure and management of conflict of interest can be found within the Guide to FBX Benchmarks.
- 1.3** The content of this document has been prepared in accordance with the requirements of the Benchmark Regulation¹ and IOSCO Principles for Financial Benchmarks (IOSCO PFBs) for all material, existing or potential conflicts of interest.
- 1.4** BEISL shall update this conflict of interest disclosure statement as soon as it becomes aware of any further potential or existing conflict of interest.
- 1.5** This disclosure statement should be read in conjunction with the Guide to FBX Benchmarks. Among other things, Section 11 of the Guide to FBX Benchmarks includes definitions of all key terms relating to conflicts of interest referenced in this disclosure statement.

2 Conflict Disclosed: BEISL's ownership structure

Conflict information

- 2.1** BEISL has identified that its ownership structure may give rise to a conflict of interest. BEISL is part of the wider SGX group and actual, perceived or potential conflicts may therefore arise through this ownership.

Conflict Management/ Arrangements

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, *OJ L 171* (29 June 2016) ([link](#)).

2.2 BEISL has implemented adequate arrangements in order to avoid or effectively manage these potential conflicts of interest to the greatest extent possible. Such mitigation measures include (but are not limited to):

- i. Segregating the activities of BEISL from SGX by virtue of the fact that it is a wholly owned subsidiary of Baltic Exchange Ltd;
- ii. Ensuring that BEISL is governed by its own exclusive board of directors and that there are no individuals which are involved in both the provision of benchmarks for BEISL and the SGX Group;
- iii. Requiring members of the governance structures of BEISL and SGX to declare any conflict in accordance with the Terms of Reference of the governance structure;
- iv. Disclosing any relevant circumstances where SGX may be a stakeholder which may give rise to a conflict of interest; and
- v. Undertaking ongoing review of any circumstances which may pose a conflicts of interest risk.

3 Conflict Disclosed: BEISL Board

Conflict information

3.1 BEISL has identified that there may be a potential conflict of interest between the personal interests of the members of the BEISL Board and BEISL itself.

Conflict Management/ Arrangements

3.2 BEISL has implemented adequate arrangements in order to effectively manage this potential conflict of interest to the greatest extent possible. Such mitigation measures include (but are not limited to):

- i. Setting Conflicts of Interest as a standing agenda item for all Board meetings which enables Board members to disclose any conflicts of interest they may have and recuse themselves from voting on the impacted matter;
- ii. Ensuring that BEISL's board members are not subject to a remuneration and performance evaluation that creates a conflict of interest;
- iii. Requiring all BEISL's board members to declare whether they have any interests or business connections that may compromise BEISL as a benchmark administrator;
- iv. Subjecting all BEISL's board members to the BEISL Personal Account Dealing Policy which prohibits employees from contributing to a benchmark determination by way of engaging in bids, offers or trades on a personal basis or on behalf of market participants; and
- v. Undertaking an annual review of the BEISL's board members with a view to identifying any potential for conflicts of interest.

4 Conflict Disclosed: BEISL Oversight Function (BOF)

Conflict information

4.1 BEISL is obliged by law to establish an oversight function which is responsible for providing oversight of the overall functioning of the BEISL benchmark administration business. Amongst other matters,

the BOF oversees the implementation of BEISL's control framework, BEISL employees and Calculating Agent's adherence to the Guide to FBX Benchmarks, audit assessment and review and reporting to the FCA of any misconduct. BEISL has identified that there may be a potential conflict of interest between the personal interests of the members of the BOF and BEISL itself.

Conflict Management/ Arrangements

- 4.2 BEISL has implemented adequate arrangements in order to effectively manage any potential conflict of interest to the greatest extent possible. Such mitigation measures include (but are not limited to):
- i. At appointment, requiring all BOF members to declare whether they have any interests or business connections that may compromise BEISL as a benchmark administrator;
 - ii. Setting Conflicts of Interest as a standing agenda item for all BOF meetings which enables BOF members to disclose any conflicts of interest they may have and recuse themselves from voting on the impacted matter; and
 - iii. Undertaking an annual review of the BOF with a view to identify and consider any potential for conflicts of interest.

5 Conflict Disclosed: Baltic employees directly involved in the benchmark determination and administration process

Conflict information

- 5.1 BEISL employees directly involved in the benchmark determination and administration process are privy to confidential information in their roles. This confidential information includes the determined benchmark rate received from the Calculating Agent. A potential conflict of interest arises in the use of this confidential information.

Conflict Management/ Arrangements

- 5.2 BEISL has implemented adequate arrangements in order to effectively manage this potential conflict of interest to the greatest extent possible. Such mitigation measures include (but are not limited to):
- i. Subjecting all BEISL staff to the Baltic Staff Handbook which contains the Baltic's policy on staff conflicts and confidentiality;
 - ii. Requiring all BEISL staff to undertake regular training in respect of the procedures for identifying, managing and escalating conflicts, including personal conflicts;
 - iii. Ensuring that BEISL's employees are not subject to a remuneration and performance evaluation that creates a conflict of interest;
 - iv. Requiring all employees to declare whether they have any interests or business connections that may compromise BEISL as a benchmark administrator;
 - v. Requiring all employees declare any personal financial interest that may reference BEISL benchmarks;
 - vi. Subjecting all staff to the BEISL Personal Account Dealing Policy which prohibits employees from contributing to a benchmark determination by way of engaging in bids, offers or trades on a personal basis or on behalf of market participants;
 - vii. Putting in place Chinese walls to physically separate the operations of BEISL and other business functions within Baltic; and

- viii. Undertaking an annual review of the BEISL employees with a view to identifying any potential for conflicts of interest.

6 Conflict Disclosed: The Calculating Agent

Conflict information

- 6.1 BEISL is the regulated entity that administers the Container Box Benchmark as set out in the Guide to FBX Benchmarks and has primary responsibility for all aspects of the provision of benchmarks. The Calculating Agent is responsible for the collection of data via its software applications, the processing of the data, by analysis, evaluation and verification in order to ensure its quality, accuracy and integrity and the calculation of the Container Box Benchmarks. The Calculating Agent submits the determined benchmark rate to BEISL for validation and publication. The Calculating Agent therefore has access to the confidential information, including the determined benchmark rate prior to its publication.
- 6.2 BEISL has identified the Calculating Agent's impartiality and objectivity may be compromised or improperly influenced in the benchmark determination process and this may cause a conflict of interest.

Conflict Management/ Arrangements

- 6.3 BEISL has implemented adequate arrangements in order to avoid or effectively manage this potential conflict of interest to the greatest extent possible. Such mitigation measures include (but are not limited to):
 - i. Ensuring via contractual provisions that the Calculating Agent maintains policies, procedures and controls that are designed to enable the identification and management of any conflicts of interests which may arise from the benchmark determination process and to prevent the manipulation thereof by those involved in the determination process;
 - ii. Ensuring via contractual provisions that the Calculating Agent maintains policies and procedures that a designed to preserve the confidentiality of information which individuals of the Calculating Agent are privy to;
 - iii. Undertaking annual reviews of the Calculating Agent's conflicts of interest controls and procedures and confidentiality controls and procedures;
 - iv. Requiring the Calculation Agent to adhere to BEISL's conflicts of interest and confidentiality provisions within the Guide to FBX Benchmarks;
 - ix. Requiring the Calculating Agent to put in place controls to ensure its employees are not subject to a remuneration and performance evaluation that creates a conflict of interest;
 - v. Requiring any individual of the Calculating Agent which is the subject of a conflict to recuse itself from the provision of benchmark for BEISL; and
 - vi. Ensuring, where appropriate, that remedial actions and management controls are implemented in response to the conflict of interest together with procedures for monitoring the conflict.