FreightWaves Index Governance Structure

Version 1.0
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Overview

FreightWaves Indices (the “Indices”) are overseen through a governance structure and control framework that provides a transparent and accountable process along with procedures to inform the index determination process. The cornerstone of this structure is the FreightWaves Index Methodology Committee with oversight from the FreightWaves Index Management Committee.

FreightWaves Index Methodology Committee

Indices are governed by the rules and processes determined and implemented by the FreightWaves Index Methodology Committee. This committee is responsible for developing and maintaining the methodologies and overseeing the collection of transactions data used for the calculation and publication of the Indices.

The committee is made up of three (3) full-time professional members of FreightWaves which collectively have the requisite skill and experience in the development and calculation of Indices, and knowledge of freight markets. Committee members are selected by FreightWaves, Inc. In addition, a member of the FreightWaves legal team will be a non-voting attendee of the FreightWaves Index Methodology Committee. The committee meets on a regular basis but no less than quarterly to review the Index Methodology, data quality, and the general development and applications of the methodology. If the FreightWaves Index Methodology does not provide for a clear process for the management of a particular process or issue involving any Indices, the committee will determine the process to be followed. Information concerning modifications to any Indices or changes to Indices constituent Data Providers are considered material and can have an impact on the markets that utilize an index; accordingly all committee meetings and discussions are confidential.

In certain circumstances, a material change to any Indices may be deemed to be time-sensitive to maintain the integrity of the Indices determination process. A time-sensitive material change is one that requires a decision to be made within a shorter time frame than allowed by a normal consultation. In situations of a time-sensitive material change, the Index Methodology Committee can meet and exercise its reasonable judgment to modify the methodology of the Indices.

Announcement of Changes to Index Methodology

The methodology for the Indices is available on the FreightWaves Index website. Any changes to an Indices methodology will be made public by the FreightWaves Index Methodology Committee in a timely manner and will be announced through publication on the FreightWaves Index website. Any changes will take effect no less than five (5) business days after publication of the change. In the case of a time-sensitive Material Change, the effective date may be less than five (5) business days, but in no case will be less than one full business day after publication.
**Index Consultations and Certain Changes to the Index Methodology**

To the extent necessary and in its sole discretion, the FreightWaves Index Methodology Committee may make a request for public consultation on any proposed material change to methodology of any Indices. Any such requests for public consultation will be made available through posting on the FreightWaves Index website. The consultation will be kept open for no less than two weeks (14 days). Upon completion of the consultation, the FreightWaves Index Methodology Committee will consider the feedback provided by the public along with its own analysis in making any change in the applicable methodology. The FreightWaves Index Methodology Committee reserves the right to make final decisions with respect to any changes in the Indices.

**Expert Judgment**

The FreightWaves Indices are calculated based on a rules-based formula. As such, Expert Judgment is not used in day-to-day operations. In extraordinary circumstances, there may be situations in which the FreightWaves Index Methodology Committee may utilize Expert Judgment in order to maintain the integrity of the Indices determination process.

**FreightWaves Index Management Committee**

The FreightWaves Index Management Committee is responsible for the oversight of the FreightWaves Index Methodology Committee, development of Indices, and general operations of the Indices business. The FreightWaves Index Management Committee reviews and approves any policies, procedures and the control framework for the Indices business. In addition, this committee will review and implement any audit findings with respect to the Indices determination process. Members of the FreightWaves Index Management Committee are not members of the FreightWaves Index Methodology Committee. Committee members of the FreightWaves Index Management Committee are selected by FreightWaves, Inc.

**Adoption of Definitions**

All definitions contained in the FreightWaves Index Key Definitions are adopted and incorporated herein. The FreightWaves Index Definitions is located on the FreightWaves Index website.