

COMMITTEE ROLE, PROCEDURES AND TERMS OF REFERENCE

1. Introduction

ICE Benchmark Administration Limited (IBA) was founded in 2013 and has established comprehensive, robust and independent governance and oversight functions to ensure high standards of data collection, calculation, publication and surveillance across benchmarks and other data services.

IBA's proven and market-leading technology and data management is now being used in the ICE Commodity Traceability (ICE CoT) platform, which has been designed to facilitate cocoa and coffee market participants' compliance with the EU deforestation regulation¹ (EUDR). The EUDR is expected to create significant change and challenge for participants in the commodities markets, including traders, operators, processors, and brands/manufacturers.

IBA is a wholly-owned subsidiary within the Intercontinental Exchange, Inc. (ICE) group. ICE exchange's benchmark Cocoa, London Cocoa, Coffee C® and Robusta Coffee futures and options contracts are the largest markets in the world to trade cocoa and coffee.

Part of the value proposition of ICE CoT is represented by IBA's governance expertise, and in particular the ICE CoT Advisory and Oversight Committee (ICE CoT AOC), which is a forum for advice and guidance from a range of industry stakeholders with diverse viewpoints, leading to a strong and transparent solution for the whole market.

2. The Role of the Committee

The Committee provides independent oversight, governance and direction for ICE CoT to ensure that its design and operation addresses the needs of cocoa and coffee market participants in satisfying their due diligence obligations under the EUDR once implemented and evidencing the compliance of their products within the EU.

The Committee has an important voice in respect of ICE CoT and potentially further commodities traceability solutions developed by IBA in the future.

The Committee has been set up under the auspices of the established governance structure of IBA. IBA has a majority independent board, comprised of both independent non-executive and executive directors.

Committee composition

The composition of the Committee is set by the Board of IBA on the recommendation of IBA's Nominating and Corporate Governance Committee (N&CGC). The Committee's Chair will also be appointed by the IBA Board. In the absence of the Committee Chair, the IBA President may elect one of the Committee members present to chair the relevant meeting, in accordance with these Terms of Reference.

The composition of the Committee is designed to include a balanced representation of key stakeholders, potentially including representatives from cocoa and coffee market participants such

¹ Regulation of the European Parliament and of the Council on the making available on the Union market and the export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010

as traders, operators, processors, brands/manufacturers, infrastructure providers, industry associations, origin countries, and NGOs.

The Committee may be comprised of:

- Full voting members;
- Associate voting members (see below); and
- Non-voting Observers from EU Competent Authorities.

Because of the wide range of stakeholders, some may have representation through a panel of Associate voting members, one of whom would attend Committee meetings on behalf of the panel. The attendance by such stakeholders at Committee meetings may be decided by the panel on an ad hoc or standing basis.

Non-voting Observers from the EU Competent Authorities may also be invited to attend Committee meetings.

At present, the Committee comprises of full voting members only.

Terms of office of Committee members

The N&CGC decides the terms of office of Committee members, taking into account the need to ensure appropriate continuity in membership over time. Generally, a Committee member can serve for a maximum of nine consecutive years unless the IBA Board specifically approves an extended period of service for a Committee member.

A Committee member who does not attend three consecutive scheduled full meetings of the Committee may be asked by IBA to resign from the committee. Any such decision shall be taken by the N&CGC.

Alternates

An alternate may attend occasional meetings in place of a Committee member if agreed by the Committee chair in advance of a meeting. Committee members should not delegate routine attendance to an alternate.

Working Groups and Sub-committees

The Committee has appointed a working-group consisting of market participants, the ICE CoT Technical Working Group, which may meet as a group or may conduct individual discussions with IBA, to review and give a market perspective on the technical and operational principles and documentation related to the design of ICE CoT and, where relevant, to report its findings to the Committee.

The Committee may appoint other working groups and sub-committees with such powers as the Committee may from time to time confer within the scope of the Committee's Terms of Reference.

3. Confidentiality and Conflicts of interest

The letters of appointment for members of the Committee require adherence to strict confidentiality provisions.

Committee members are required to keep confidential Committee materials, discussions and decisions unless otherwise agreed.

In signing their letters of appointment, Committee members also confirm that they will:

- promptly declare to the Committee chair or an IBA director any other appointments or arrangements that conflict or may conflict with being a Committee member; and
- comply with IBA's policy on conflicts of interest

Committee members must declare any private or professional interests that may result in a potential or actual conflict as soon as the conflict or potential conflict arises.

Individuals serve on the Committee in their own right and not as representatives of their employer organisations.

At the start of each Committee meeting, the chair will ask those present (in person or by call) to declare any conflict arising from the agenda. In the event of a conflict of interest during a Committee meeting, the Committee member must declare the conflict immediately and excuse themselves from participating in the discussion of or decision making relating to such item(s). The Committee member should confirm the conflict in writing to the chair as soon as possible after the meeting.

Where the chair believes that a Committee member has a conflict that cannot be managed or adequately mitigated, the chair may ask a Committee member to recuse him/herself from the meeting and, if the conflict is likely to persist, the chair will refer this to the N&CGC to consider whether the Committee member should resign.

Committee members' declaration of conflicts of interest are published on [IBA's website](#).

4. Terms of Reference

The authority of the Committee is set out in its Terms of Reference, as attached.

5. Meeting Protocols

IBA Board Committee

The Committee is a committee of the IBA Board and reports regularly to the Board.

The Committee's chair may attend Board meetings periodically in person or virtually. IBA provides regular written updates to the Board.

Meeting frequency and participation

The Committee meets frequently to steer the design of ICE CoT. When the EUDR is implemented, the Committee will meet at least four times each year.

Further meetings may occur, or actions be taken in writing, when deemed necessary or desirable by the Committee or its chair.

Members of the Committee may participate in its meetings in person or by telephone / video conference.

Meetings are scheduled by IBA in autumn for the forthcoming year.

Meeting quorum and conduct of the meeting

The quorum is three Committee members, including at least two members representing entities that are not affiliates of IBA, and no business of the Committee can be concluded unless a quorum is present at any meeting or any decision is subsequently ratified in writing after circulation to the full Committee.

For the sake of efficiency of meetings, Committee members are expected to have read the meeting materials and to be prepared for the Committee discussion with, at most, the key points or questions requiring to be highlighted by the chair or IBA at the meeting.

Should there be a Committee vote on any matter, each Committee member shall have one vote and decisions of the Committee shall be made by a simple majority. Should the numbers of votes cast for and against be equal, the chair of the Committee may exercise a deciding vote.

Where the chair determines that a Committee member has an actual or potential material conflict of interest on a particular matter, that Committee member shall not be allowed to vote on that matter.

If the chair of the meeting has agreed that an alternate may attend, the alternate may vote in place of the appointed member.

Minutes

IBA shares draft minutes with Committee members, requesting comments within one week. IBA addresses any comments received, in consultation with the meeting chair as appropriate.

The minutes are submitted to the Committee for formal approval at its next meeting. IBA circulates minutes of Committee meetings to the Board of IBA.

Public (redacted or summary) minutes are published by IBA. The approval process is the same as for the full minutes.

Resources

The Committee has no budgetary authority but IBA will provide the secretariat and other resources appropriate to the Committee's duties and responsibilities.

The Committee may recommend to IBA the retention of special experts or consultants where appropriate.

6. Review of the Workings of the Committee

Unless agreed otherwise by the Board, the chair of the committee undertakes an annual review of the workings of the committee. IBA may arrange a review in a different manner, for example using external consultants.

The findings of the review are reported to the committee.

The findings are also reported to the N&CGC together with an assessment as to whether there is appropriate representation, expertise and experience among the Committee membership.

TERMS OF REFERENCE

The following are the responsibilities of the ICE CoT Advisory & Oversight Committee:

1. Providing independent governance and direction for the ICE Commodity Traceability Service (ICE CoT)², which has been designed by IBA to address the needs of cocoa and coffee market participants in facilitating and evidencing compliance with the EU Deforestation Regulation (EUDR)³;
2. Providing guidance to IBA on the design and implementation of ICE CoT in the context of the needs of market participants for compliance with the EUDR, including due diligence, data collection and verification, risk assessment and mitigation, and in supporting the transfer of products along the supply-chain.
3. Reviewing and overseeing the input data specifications, validation methodologies and reviewing protocols for ICE CoT, including farm plot, lawful production and physical-flow traceability data in respect of cocoa and coffee and processed cocoa and coffee products at least annually;
4. Reviewing and overseeing frameworks, procedures and processes for ICE CoT, including for field audits, challenges, grievances and complaints, at least annually;
5. Receiving, reviewing and providing feedback on information with regard to the operation and performance of ICE CoT;
6. Recommending changes to ICE CoT where appropriate and considering and providing feedback on proposed changes to ICE CoT;
7. Providing an important and authoritative voice in respect of ICE CoT, to include assisting IBA in the formulation of feedback to regulatory and governmental organisations in the EU and globally regarding deforestation legislation, and to support ICE CoT in any discussions with industry associations and NGOs;
8. Reviewing and overseeing the work of the ICE CoT Technical Working Group and any other working group or sub-committee appointed by the Committee;
9. Assessing internal and external audits or reviews insofar as they affect ICE CoT and monitoring the implementation of identified remedial actions;
10. Considering existing or potential conflicts of interest and establishing whether they are material; and
11. Keeping these Terms of Reference under regular review and to recommend to IBA any changes.

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² And potentially further commodities traceability solutions to be developed by IBA in the future.

³ Regulation of the European Parliament and of the Council on the making available on the Union market and the export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010