

# Introducing Operational Benching

Panellist Quality and Audit

March 2025

Rashad Issa, MSc, CQP FCQI

Quality & Business Improvement Lead  
Baltic Exchange

Our word **our bond**

The Baltic Exchange Limited | 77 Leadenhall Street | London | EC3A 3DE | United Kingdom

Registered in England and Wales Number 64795

## Introduction

The Baltic's benchmark determination process is based on Panellists' confidential provision of Input Data. The Input Data represents the panellist's professional judgement when assessing the prevailing open market level for the shipping route.

The Baltic Assessors validate and test the Panellists' submissions against the route descriptions and the prevailing market information. They do not decide the index value; it is a simple average of all the panellist submissions. An assessor can exclude a submission if the Panellists cannot explain the rationale behind their assessment when challenged.

## Audit Process

The Baltic audits all panellists annually and includes six key performance indicators (KPIs) outlined in table 1.0 below, which are based on the Guide to Market Benchmarks (GMB) requirements.

Table 1.0 Six KPIs for the annual audit

KPI	Description	Test	GMB Mapping
<b>Commercial Activity</b>	Panellists must be recognised as actively engaged in the markets they report on. Evidenced by the number of fixtures or negotiations related to the route the Panellist reports on.	Corporate	7.10.1 (1) 8.1.2 (2)
<b>Capacity</b>	Panellists must have adequate, experienced personnel to enable daily reporting. Evidenced by the registration of authorised submitters with the Baltic in the Panellist register	Corporate	7.5.2 7.10.1 (2) 8.1.2 (2)
<b>Adherence to the GMB</b>	Panellists are required to adhere to the Guide to Market Benchmarks and attest to compliance with conflict of interest declarations, code of conduct, and other controls that uphold the integrity of the benchmarks.	Corporate	7.9.1
<b>Timing</b>	Panellists are required to submit their assessments within a defined window. A late assessment reduces the time an assessor has to verify the contribution.	Operational	4.4.5 (1) 7.2.2 (1) 8.1.3 (1)
<b>Non-Report</b>	Panellists are required to submit an assessment on each reporting day. Repeated non-reports suggest a lack of staff (capacity) or suitability to be a Panellist.	Operational	4.4.5 (1) 7.10.1 (5)

## Our word **our bond**

The Baltic Exchange Limited | 77 Leadenhall Street | London | EC3A 3DE | United Kingdom

Registered in England and Wales Number 64795

Comments	Panellists are requested to support their submissions with written comments. A lack of comments can result in delayed publication.	Operational	4.4.5 (1) 7.3.5 8.1.3 (1)
Quality of Market Assessment (QMA)	A review based on the relationship between three statistical measures. 1. Lagging 2. Conformity 3. Independence	Qualitative	4.4.5 (1) 7.5.1 (2) 8.1.3 (1)

Following a review of the audit, it was identified that the operational and qualitative elements of the audit should be monitored more frequently to capture potential risks in the panellist's ability to meet the four operational and qualitative KPIs. A monthly audit of these elements was introduced in March 2025, and is referred to as Operational Benching,

### 3. Operational Benching

Operational Benching is a quality control process that supports the audit policy and enables Assessors and Senior Assessors to review the panellist's suitability to report on a route; the review's outcome can result in a panellist being benched.

A benched panellist continues to contribute assessments, but their contributions are not included in the index calculation. A panellist remains on the bench until the Senior Assessor approves their reinstatement. If a Panellist is regularly benched, they could be removed as a panellist. A panellist's benching status is confidential to the Baltic and the panellist.

A panellist's eligibility for being benched is based on the operational and qualitative KPIs in Table 2.0 and feedback from the Assessor and Senior Assessor. KPIs are reviewed annually and subject to change.

Table 2.0 Six KPIs for the annual audit

KPI	Description
<b>Timing</b>	Panellists are required to submit their assessments within a defined window. A late assessment reduces the time an assessor has to verify the contribution. A late contribution can result in the Index being published late or the assessment being excluded. A repeatedly late panellist poses a risk to the quality of the indices.
<b>Non-Report</b>	Panellists are required to submit an assessment on every reporting day. A non-report can be triggered if a panellist doesn't submit an assessment or is unavailable to validate their contribution <sup>1</sup> . Repeated non-reports suggest a lack of staff or suitability to be a Panellist.
<b>Evidence</b>	Panellists are requested to support their submissions with written comments. If these comments are absent or ambiguous, the assessor can contact the panellists to validate their contribution. A lack of comments can result in delayed publication due to the workload on the assessor contacting panellists for verification.
<b>Quality of Market Assessment (QMA)</b>	A review based on the relationship <sup>2</sup> between three statistical measures. 1.Lagging 2.Conformity 3.Independence (A leading panellist would not be expected to conform)
<b>1.Lagging</b>	A leading panellist anticipates the direction of the index and can indicate good visibility of the underlying market and involvement in the negotiations. Conversely, a lagging Panellist is behind the direction of the Index and could indicate that they are more reliant on market information and less active in the negotiations.
<b>2.Conformity</b>	A conforming panellist submits a value closer to the average than other panellists. The more they differ from the index, the less conforming they are. High or low conformity can indicate positive and negative behaviour as it is used in conjunction with leading and independence.
<b>3.Independence</b>	An independent panellist is less dependent on the published index than their peers and could indicate that market information influences their assessment. A low final score <sup>3</sup> indicates that a panellist is more dependent on the index than the other Panellists, who might have more information, or that the low-scoring panellist is rushing their assessment.

<sup>1</sup> During the validation process, an assessor will contact a panellist to challenge the reasoning behind a submission. The contribution can be marked as a non-report if a panellist is not contactable during the reporting window

<sup>2</sup> QMA is the relationship between the measures over time; they are not taken in isolation.

<sup>3</sup> The test predicts the panellist's next day's assessment and then ranks the outcome against the other Panellists' scores. If one panellist submitted a value close to their predicted value and the other panellists were not close to their own predicted values, it indicates a reliance on the index.

## 4. Process of Operational Benching

### Step 1 – Statistical Review:

Baltic Data Platform generates a report for each panellist by route based on the KPIs in section 3.

### Step 2 – Assessor Review:

The FA reviews the previous month's statistical report and enters their assessment of the panellist's performance and a recommended action where applicable.

### Step 3 – Senior Assessor Review:

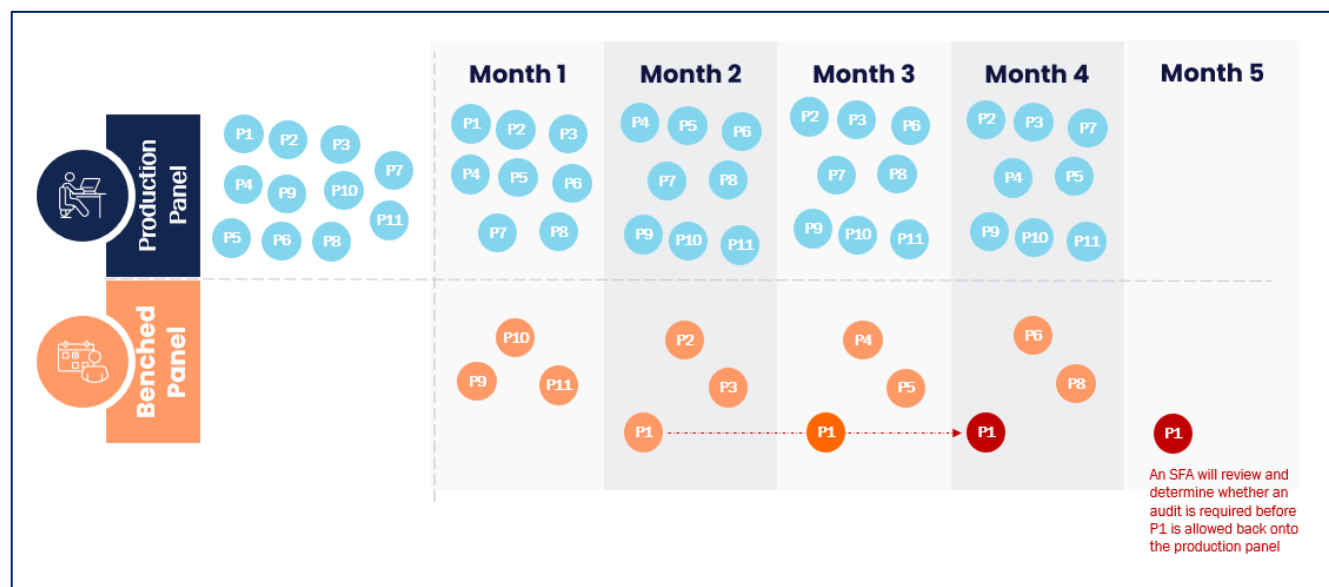
The SFA reviews the reports and the Assessors' recommendations. If the Senior Assessor approves a benching, they will notify the panellist of the benching decision.

### Step 4 – Panellist Notification:

The Senior Assessor will notify the Panellist Manager in confidence. The Benching status is confidential and known only to the benched panellists and the Baltic.

If a panellist breaches the confidentiality of the benching status, they can be benched. If a panellist consistently serves on the bench, their suitability to remain a panellist on that route will be examined.

Figure 3.0 The Same Panellist Consistently on the Bench







# Baltic Exchange

Our word **our bond**

The Baltic Exchange Limited | 77 Leadenhall Street | London | EC3A 3DE | United Kingdom

Registered in England and Wales Number 64795