

Submission Date

01/04/2022

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Additional Information

Level 1 Regulation

Benchmarks Regulation (BMR) - Regulation 2016/1011

Topic

Climate Benchmarks

Subject Matter

ESG factors reflected in the benchmark statement and methodology (ESMA70-145-114 QAs on BMR Q&A 10.1)

Question

Does an administrator have to take into account in the key elements of the methodology all the ESG factors listed in Annex II of the Delegated Regulation (EU) 2020/1816 ?

ESMA Answer

01-04-2022

Original language

No

Article 13(1)(d) of BMR requires that administrators publish or make available an explanation of how the key elements of the methodology reflect ESG factors for each benchmark or family of benchmarks, with the exception of interest rate and foreign exchange benchmarks. Recital 4 of the Delegated Regulation (EU) 2020/1817^[1] mentions that different ways of explaining how the key elements of the benchmark methodology reflect ESG factors, could lead to a lack of comparability between benchmarks and a lack of clarity as to the scope and the objectives of the ESG factors.

Therefore, when an administrator takes into account ESG factors in the methodology of the calculation of the benchmark, it should not provide information on all, voluntary and non-voluntary, ESG factors listed in Annex II of the Delegated Regulation (EU) 2020/1816^[2]

^[1] COMMISSION DELEGATED REGULATION (EU) 2020/1817 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the minimum content of the explanation on how environmental, social and governance factors are reflected in the benchmark methodology

^[2] 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 but only on those factors that are taken into account in the benchmark methodology for the selection, the weighting and any exclusion of the underlying assets.