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Additional Information

Level 1 Regulation
Benchmarks Regulation (BMR) - Regulation 2016/1011

Topic
Climate Benchmarks

Subject Matter
Disclosure requirements in Section 3 of Annex I of the benchmark statement

Question
What should an administrator disclose in items 10 (b) to (e) of the Section 3 of the Annex I of the Delegated Regulation (EU) 2020/1816?

ESMA Answer

19-11-2021

Original language

Pursuant to Article 27(2a) of the Benchmarks Regulation (BMR) and as outlined in Q&A 10.8, at the latest by 31 December 2021, all administrators, with the exception of administrators of interest rate and foreign exchange benchmarks, should disclose the elements detailed in Section 3 of Annex I of the Delegated Regulation (EU) 2020/1816. Q&A 10.8 further explains that administrators should disclose all the information listed in Section 3 even if the answer to item 10 (a) of the Section 3 of the Annex I of the Delegated Regulation (EU) 2020/1816 is negative.

Items 10(b) to 10(e) of that section require a benchmark administrator to specify:

- the temperature scenario used for the alignment with the target of reducing greenhouse gas emissions or the attainment of the objectives of the Paris Agreement (item 10(b));
- the provider of such temperature scenario (item 10(c));
- the methodology used (item 10(d));
- the link to the website of the temperature scenario (item 10(e)).

With regard to the disclosure, applicable to the temperature scenario and the corresponding provider, an indicative example is available in Article 2 of the Delegated Regulation (EU) 2020/1818 which establishes the reference temperature scenario that administrators of EU CTB and EU PAB shall use when designing the benchmark methodology. That article sets the degree of the temperature scenario (1,5 °C scenario), the type of the scenario (with no or limited overshoot) and the provider (the Special Report on Global Warming of 1,5 °C from the Intergovernmental Panel on Climate Change (IPCC)).

For benchmarks that are neither EU CTB nor EU PAB, the BMR does not establish a specific temperature scenario that administrators should use as part of the benchmark methodology. When the benchmark aligns with the target of reducing carbon emissions or the attainment of the objectives of the Paris Agreement, the administrator shall disclose the related information in accordance with the aforementioned Section 3. For instance, in addition to the temperature scenario used for the EU CTB and EU PAB, other categories of emissions pathways can be used for the calculation of a benchmark that meet other temperature goals.

Notwithstanding the above, administrators of such benchmarks should avoid any sort of confusion either in the disclosed information or in the labelling of the benchmark that could lead benchmark users to think that those benchmarks are EU PAB or EU CTB where they are not.

Finally, where the benchmark does not align with the target of reducing carbon emissions or attaining the objectives of the Paris Agreement, it should be sufficient to indicate in items 10(b) to 10(e) of Section 3 that the benchmark does not use any temperature scenario for the alignment with the target of reducing greenhouse gas emissions or attaining the objectives of the Paris Agreement.