

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 (Text with EEA relevance)

#### *Article 1*

#### **Definitions**

For the purposes of this Regulation, the following definitions shall apply:

- (a) ‘equity’ means listed shares;
- (b) ‘fixed income’ means listed debt securities, other than those issued by a sovereign issuer;
- (c) ‘sovereign debt’ means debt securities issued by a sovereign issuer.

#### *Article 2*

#### **Explanation of how ESG factors are reflected in each benchmark or family of benchmarks**

1 Benchmark administrators shall explain in the benchmark statement, using the template laid down in Annex I, how the environmental, social and governance (ESG) factors listed in Annex II are reflected in each benchmark or family of benchmarks they provide and publish.

The requirement set out in the first subparagraph shall not apply to interest rate and foreign exchange benchmarks.

2 The explanation referred to in paragraph 1 shall include the score of the ESG factors *vis-à-vis* the corresponding benchmark and family of benchmark, at an aggregated weighted average value.

3 For individual benchmarks, benchmark administrators may, rather than providing all the information required by the template laid down in Annex I to this Regulation, replace that information by a hyperlink included in the benchmark statement, to a website that contains all that information.

4 Where benchmarks blend different underlying assets, benchmark administrators shall explain how ESG factors are reflected for each of the underlying assets.

5 Benchmark administrators shall include in the explanation provided a reference to the sources of data and standards used for the ESG factors disclosed.

6 Benchmark administrators that disclose additional ESG factors in accordance with Article 1(4) of Commission Delegated Regulation (EU) 2020/1817<sup>(1)</sup> shall include the score of those additional ESG factors.

*Article 3***Update of the explanation provided**

Benchmark administrators shall update the explanation provided whenever significant changes relating to the ESG factors occur and in any case on an annual basis. They shall state the reasons for the update.

*Article 4***Entry into force and application**

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 17 July 2020.

*For the Commission*

*The President*

Ursula VON DER LEYEN

- (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 (See page 12 of this Official Journal).