Changes to legislation: *Regulation (EU) 2016/1011 of the European Parliament and of the Council, ANNEX III is up to date with all changes known to be in force on or before 27 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

[[F1]ANNEX III

[[F2]UK Climate Transition Benchmarks and UK Paris-aligned Benchmarks]

Textual Amendments

F1 Inserted by Regulation (EU) 2019/2089 of the European Parliament and of the Council of 27 November 2019 amending Regulation (EU) 2016/1011 as regards EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks and sustainability-related disclosures for benchmarks (Text with EEA relevance).

F2 Words in Annex 3 heading substituted (31.12.2020) by The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019 (S.I. 2019/657), regs. 1(2), **45A(2)** (with regs. 51-53, 65) (as amended by S.I. 2019/1212, regs. 1(3), 20(3)(4); S.I. 2020/628, regs. 1(3), 12(7); and with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Methodology for [[F3]UK Climate Transition Benchmarks]

(1) The administrator of an [[F4]UK Climate Transition Benchmark] shall formalise, document and make public any methodology used for the calculation of the benchmark, giving the following information, while ensuring confidentiality and the protection of [[F5]"trade secrets" as defined in regulation 2 of the Trade Secrets (Enforcement, etc.) Regulations 2018]

(a) the list of the main constituents of the benchmark;

(b) all criteria and methods, including selection and weighting factors, metrics and proxies used in the benchmark methodology;

(c) the criteria applied to exclude assets or companies that are associated with a level of carbon footprint or a level of fossil fuel reserves that are incompatible with inclusion in the benchmark;

(d) the criteria for the determination of the decarbonisation trajectory;

(e) the type and source of data used to determine the decarbonisation trajectory for:

(i) Scope 1 carbon emissions, namely emissions generated from sources that are controlled by the company that issues the underlying assets;

(ii) Scope 2 carbon emissions, namely emissions from the consumption of purchased electricity, steam, or other sources of energy generated upstream from the company that issues the underlying assets;

(iii) Scope 3 carbon emissions, namely all indirect emissions that are not covered by points (i) and (ii) that occur in the value chain of the reporting company, including both upstream and downstream emissions, in particular for sectors with a high impact on climate change and its mitigation;

(iv) whether the data uses [F6]... global standards such as those of the Financial Stability Board's Taskforce on Climate-related Financial Disclosures;

(f) the total carbon emissions of the index portfolio.

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Where a parent index is used for the construction of an **[**[F4]UK Climate Transition Benchmark**]**, the tracking error between the **[**[F4]UK Climate Transition Benchmark**]** and the parent index shall be disclosed.

Where a parent index is used for the construction of an **[**[F4]UK Climate Transition Benchmark**]**, the ratio between the market value of the securities that are in the **[**[F4]UK Climate Transition Benchmark**]** and the market value of the securities in the parent index shall be disclosed.

Textual Amendments

F4 Words in Annex 3 para. (1) substituted (31.12.2020) by The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019 (S.I. 2019/657), regs. 1(2), **45A(4)(a)** (with regs. 51-53, 65) (as amended by S.I. 2019/1212, regs. 1(3), 20(3)(4); S.I. 2020/628, regs. 1(3), 12(7); and with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

F5 Words in Annex 3 para. (1) substituted (31.12.2020) by The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019 (S.I. 2019/657), regs. 1(2), **45A(4)(b)** (with regs. 51-53, 65) (as amended by S.I. 2019/1212, regs. 1(3), 20(3)(4); S.I. 2020/628, regs. 1(3), 12(7); and with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

F6 Words in Annex 3 para. (1) omitted (31.12.2020) by virtue of The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019 (S.I. 2019/657), regs. 1(2), **45A(4)(c)** (with regs. 51-53, 65) (as amended by S.I. 2019/1212, regs. 1(3), 20(3)(4); S.I. 2020/628, regs. 1(3), 12(7); and with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Methodology for **[**[F7]UK Paris-aligned Benchmarks**]**

(2) In addition to points (1)(a), (1)(b), and (1)(c), the administrator of an **[**[F8]UK Paris-aligned Benchmarks**]** shall specify the formula or calculation that is used to determine whether the emissions are in line with the objectives of the Paris Agreement, while ensuring confidentiality and the protection of **[**[F9]"trade secrets" as defined in regulation 2 of the Trade Secrets (Enforcement, etc.) Regulations 2018**]**.

Textual Amendments

F8 Words in Annex 3 para. (2) substituted (31.12.2020) by The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019 (S.I. 2019/657), regs. 1(2), **45A(6)(a)** (with regs. 51-53, 65) (as amended by S.I. 2019/1212, regs. 1(3), 20(3)(4); S.I. 2020/628, regs. 1(3), 12(7); and with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

F9 Words in Annex 3 para. (2) substituted (31.12.2020) by The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019 (S.I. 2019/657), regs. 1(2), **45A(6)(b)** (with regs. 51-53, 65) (as amended by S.I. 2019/1212, regs. 1(3), 20(3)(4); S.I. 2020/628, regs. 1(3), 12(7); and with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Changes to the methodology

(3) Administrators of **[**[F10]UK**]** Climate Transition and **[**[F10]UK**]** Paris-aligned Benchmarks shall adopt procedures for introducing changes to their methodology. They shall make those procedures public, and shall make public any proposed changes to their methodology and the rationale for those changes. Those procedures shall be consistent with the overriding objective that benchmark calculations be consistent with points (23a) and (23b) of Article 3(1). Those procedures shall provide:

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(a) advance notice within a clear timeframe that gives users of benchmarks sufficient opportunity to analyse and comment on the impact of such proposed changes, having regard to the administrators' calculation of the overall circumstances;

(b) for the possibility for users of benchmarks to comment on those changes and for the administrators to respond to those comments, and shall make those comments accessible after any given consultation period, except where the commenter has requested confidentiality.

(4) Administrators of **[**[F11]UK**]** Climate Transition Benchmarks and **[**[F11]UK**]** Paris-aligned Benchmarks shall regularly examine their methodologies on at least an annual basis to ensure that their benchmarks reliably reflect the stated objectives, and shall have a process in place for taking the views of all relevant users into account.**]**

Textual Amendments

F10 Word in Annex 3 para. (3) substituted (31.12.2020) by The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019 (S.I. 2019/657), regs. 1(2), **45A(7)** (with regs. 51-53, 65) (as amended by S.I. 2019/1212, regs. 1(3), 20(3)(4); S.I. 2020/628, regs. 1(3), 12(7); and with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

F11 Word in Annex 3 para. (4) substituted (31.12.2020) by The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019 (S.I. 2019/657), regs. 1(2), **45A(7)** (with regs. 51-53, 65) (as amended by S.I. 2019/1212, regs. 1(3), 20(3)(4); S.I. 2020/628, regs. 1(3), 12(7); and with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Changes to legislation:
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Changes and effects yet to be applied to :

– Regulation revoked by 2023 c. 29 Sch. 1 Pt. 1

Changes and effects yet to be applied to the whole legislation item and associated provisions

– Title 6Ch. 4 addition by EUR 2019/2175 Regulation (This amendment by the EU not applied to legislation.gov.uk because it is brought into force after IP completion day.)
– Art. 3.1(24) words omitted by S.I. 2019/657 reg. 5(10)(f) (This amendment not applied to legislation.gov.uk. Reg. 5(10)(f) omitted immediately before IP completion day by virtue of S.I. 2020/1385, regs. 1(4), 58(4))
– Art. 51(1B)(a)(ii) words substituted in earlier amending provision S.I. 2019/657, reg. 42(2) by S.I. 2019/1212 reg. 20(2)(a) (This amendment not applied to legislation.gov.uk. Reg. 20(2) omitted (30.6.2020) by virtue of S.I. 2020/628, regs. 1(4), 16)
– Art. 51(2)(b) word substituted by S.I. 2019/657 reg. 42(3)(b)(i) (This amendment not applied to legislation.gov.uk. Reg. 42(3) substituted immediately before IP completion day by S.I. 2020/628, regs. 1(3), 12(6)(b))
– Art. 51(2)(b) words substituted by S.I. 2019/657 reg. 42(3)(b)(ii) (This amendment not applied to legislation.gov.uk. Reg. 42(3) substituted immediately before IP completion day by S.I. 2020/628, regs. 1(3), 12(6)(b))