European Parliament
2014-2019

Plenary sitting

A8-0483/2018

20.12.2018

***|
REPORT

on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) 2016/1011 on low carbon benchmarks and positive carbon impact benchmarks
(COM(2018)0355 – C8-0209/2018 – 2018/0180(COD))

Committee on Economic and Monetary Affairs

Rapporteur: Neena Gill

Symbols for procedures

*	Consultation procedure
***	Consent procedure
***I	Ordinary legislative procedure (first reading)
***II	Ordinary legislative procedure (second reading)
***III	Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

Amendments to a draft act

Amendments by Parliament set out in two columns

Deletions are indicated in ***bold italics*** in the left-hand column. Replacements are indicated in ***bold italics*** in both columns. New text is indicated in ***bold italics*** in the right-hand column.

The first and second lines of the header of each amendment identify the relevant part of the draft act under consideration. If an amendment pertains to an existing act that the draft act is seeking to amend, the amendment heading includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend.

Amendments by Parliament in the form of a consolidated text

New text is highlighted in ***bold italics***. Deletions are indicated using either the ▌ symbol or strikeout. Replacements are indicated by highlighting the new text in ***bold italics*** and by deleting or striking out the text that has been replaced.
By way of exception, purely technical changes made by the drafting departments in preparing the final text are not highlighted.

CONTENTS

Page

DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION 5

OPINION OF THE COMMITTEE ON THE ENVIRONMENT, PUBLIC HEALTH AND FOOD SAFETY 18

PROCEDURE – COMMITTEE RESPONSIBLE 39

FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE 40

DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) 2016/1011 on low carbon benchmarks and positive carbon impact benchmarks
(COM(2018)0355 – C8-0209/2018 – 2018/0180(COD))

(Ordinary legislative procedure: first reading)

The European Parliament,

– having regard to the Commission proposal to Parliament and the Council (COM(2018)0355),

– having regard to Article 294(2) and Article 114 of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C8-0209/2018),

– having regard to Article 294(3) of the Treaty on the Functioning of the European Union,

– having regard to the opinion of the European Economic and Social Committee of ...,

– having regard to Rule 59 of its Rules of Procedure,

– having regard to the report of the Committee on Economic and Monetary Affairs and the opinion of the Committee on the Environment, Public Health and Food Safety (A8-0483/2018),

1. Adopts its position at first reading hereinafter set out;

2. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;

3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

Amendment 1

AMENDMENTS BY THE EUROPEAN PARLIAMENT*

to the Commission proposal

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Regulation (EU) 2016/1011 ***as regards climate transition*** benchmarks and ***Paris-aligned*** benchmarks

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Central Bank[21],

Having regard to the opinion of the European Economic and Social Committee[22],

Acting in accordance with the ordinary legislative procedure,

Whereas:

(1) On 25 September 2015, the UN General Assembly adopted a new global sustainable development framework: the 2030 Agenda for Sustainable Development[23], having at its core the Sustainable Development Goals (SDGs). The Commission's Communication of 2016 on the next steps for a sustainable European future[24] links the SDGs to the Union policy framework to ensure that all Union actions and policy initiatives, within the Union and globally, take the SDGs on board at the outset. The European Council

---

* Amendments: new or amended text is highlighted in bold italics; deletions are indicated by the symbol ▌.

21 OJ C […], […], p. […].

22 OJ C , , p. .

23 ***OJ L 282, 19.10.2016, pp. 4-18***.

24 COM(2016) 739 final.

conclusions of 20 June 2017[25] confirmed the commitment of the Union and the Member States to the implementation of the 2030 Agenda in a full, coherent, comprehensive, integrated and effective manner and in close cooperation with partners and other stakeholders.

(2) In 2015, the Union concluded the Paris Climate Agreement[26]. Article 2(c) of that Agreement sets the objective to strengthen the response to climate change, among other means by making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.

(2a) On 8 October 2018, the Intergovernmental Panel on Climate Change (IPCC) published a special report entitled 'Global Warming of 1.5°C' (IPCC Special Report) which warned of the extreme risks of reaching global warming of 2°C above pre-industrial levels and called for the limiting of global warming to 1.5ºC, noting that this would require rapid, far-reaching and unprecedented changes in all aspects of society.

(2b) The Union should promote the conclusions of the IPCC Special Report as the leading scientific input into the Katowice Climate Change Conference in Poland in December 2019, when the Paris Climate Agreement will be reviewed.

(3) Sustainability and the transition to a low-carbon and climate resilient, more resource-efficient and circular economy are key in ensuring long-term competitiveness of the Union economy. Sustainability has long been at the heart of the Union project and the Union Treaties give recognition to its social and environmental dimensions. ***There is a limited window to transform the culture in the financial sector towards sustainable finance to ensure that global average temperature rise stays well below 2°C. Therefore, it is essential that new infrastructure investments be sustainable in the long term.***

(4) In March 2018, the Commission published its Action Plan 'Financing Sustainable Growth'[27], setting up an ambitious and comprehensive strategy on sustainable finance. One of the objectives of that Action Plan is to reorient capital flows towards sustainable investment to achieve sustainable and inclusive growth. ***Greater focus on limiting the impact of climate change is critical as disasters triggered by unpredictability of weather conditions have increased dramatically.***

(5) Decision No. 1386/2013/EU of the European Parliament and of the Council[28] called for an increase in private sector funding for environmental and climate-related expenditure, notably through putting in place incentives and methodologies that stimulate companies to measure the environmental costs of their business and profits derived from using environmental service.

(6) Achieving SDG objectives in the Union requires the channelling of capital flows towards sustainable investments. It is important to exploit fully the potential of the internal market for the achievement of those goals. In that context, it is crucial to remove

---

25 CO EUR 17, CONCL. 5.

26 OJ L 282, 19.10.2016, p. 4.

27 COM(2018) 97 final.

28 Decision No. 1386/2013/EU of the European Parliament and of the Council of 20 November 2013 on a General Union Environment Action Programme to 2020 ‘Living well, within the limits of our planet’ (OJ L 354, 28.12.2013, p. 171).

obstacles to the efficient movement of capital into sustainable investments in the internal market and to prevent such expected obstacles from emerging.

(7) Regulation (EU) 2016/1011 of the European Parliament and of the Council[29] establishes uniform rules for benchmarks in the Union and caters for different types of benchmark ***based on their characteristics, vulnerabilities and risks***. An increasing number of investors pursue low-carbon investment strategies and take recourse to low-carbon benchmarks to reference or measure the performance of investment portfolios. ***The existing low carbon benchmarks are seriously prone to greenwashing. Therefore, financial benchmarks should be clear and transparent and aligned with the Paris Climate Agreement commitments as implemented in Union law, as an essential tool for investors.***

(8) A wide variety of indices is currently grouped together as low carbon indices. Those low carbon indices are used as benchmarks for investment portfolios and products that are sold across borders. The quality and integrity of low carbon benchmarks affect the effective functioning of the internal market in a wide variety of individual and collective investment portfolios. Many low carbon indices used as performance measures for investment portfolios, in particular for segregated investment accounts and collective investment schemes, are provided in one Member State but used by portfolio and asset managers in other Member States. In addition, portfolio and asset managers often hedge their carbon exposure risks by using benchmarks produced in other Member States.

(9) Different categories of low carbon indices with various degrees of ambition have emerged in the marketplace. While some benchmarks aim to lower the carbon footprint of a standard investment portfolio, others aim to select only components that contribute to attaining the 2°C degree objective set out in the Paris Climate Agreement. Despite differences in objectives and strategies, ***many*** of these benchmarks are commonly promoted as low-carbon benchmarks. ***There are serious risks associated with such types of benchmarks, as they are likely to create confusion amongst investors and increase the likelihood of greenwashing.***

(10) Divergent approaches to benchmark methodologies result in fragmentation of the internal market because users of benchmarks do not have clarity on whether a particular low carbon index is a benchmark aligned to the 2C° objective or merely a benchmark that aims to lower the carbon footprint of a standard investment portfolio. To address potentially illegitimate claims by administrators about the low-carbon nature of their benchmarks, Member States ***might*** adopt different rules to avoid the ensuing investors' confusion and ambiguity about the aims and level of ambition underpinning different categories of so called low carbon indices used as benchmarks for a low carbon investment portfolio.

(11) In the absence of a harmonised framework to ensure the accuracy and integrity of the main categories of low carbon benchmarks used in individual or collective investment portfolios, it is likely that differences in Member States' approaches will create obstacles to the smooth functioning of the internal market.

[29] Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).

(12) Therefore, to maintain the proper functioning of the internal market ***for the benefit of the end investor***, to further improve the conditions of its functioning, and to ensure a high level of consumer and investor protection, it is appropriate to adapt Regulation (EU) 2016/1011 to lay down a ***minimum*** regulatory framework ***harmonising and mainstreaming climate transition and Paris-aligned*** benchmarks at Union level. ***In that regard, it is of particular importance that such benchmarks should not significantly harm other environmental, social and governance (ESG) objectives, in particular when defined by a Union-wide framework to facilitate sustainable investment based on harmonised indicators and criteria.***

(13) ***Introducing*** a clear distinction between ***climate transition*** and ***Paris-aligned*** benchmarks ***and developing minimum standards for each of those will help facilitate consistency across benchmarks that choose to promote themselves as such***. ***The Paris-aligned*** benchmark ***should be focused on companies or segments of a specific market that are already compliant with the long-term global warming target of the Paris Climate Agreement***.

(14) Each company whose assets are selected as underlying in a ***climate transition*** benchmark should ***have a plan to reduce its*** carbon emissions ***towards an overall alignment with the long-term global warming target of*** the Paris Climate Agreement***. Such plans*** should ***be public and credible in the sense that they represent a genuine commitment to decarbonisation and are sufficiently detailed and technically viable***.

(15) A variety of benchmark administrators claim that their benchmarks pursue ESG objectives. The users of ▌benchmarks do however not always have the necessary information on the extent to which the methodology of ▌ benchmark administrators takes into account ▌ ESG ***factors***. The existing information is also often scattered and does not allow for effective comparison for investment purposes across borders. To enable market players to make well-informed choices, benchmark administrators should be required to disclose ***in the benchmark statement, whether or not their benchmarks*** or families of benchmarks***, pursue*** ESG objectives***, and whether or not the benchmark administrator offers such benchmarks***. ***For significant equity and bond benchmarks, as well as for climate transition and Paris-aligned benchmarks, the benchmark administrator should publish detailed information on whether or not and to what extent an overall degree of alignment with the target of reducing carbon emissions and/or, attaining the goals of the Paris Climate Agreement, is ensured. An impact assessment should be carried out by the Commission to determine the feasibility for all benchmarks or families of benchmarks to include a detailed explanation of how the target of the carbon emission and/or attaining the goals of the Paris Climate Agreement is ensured***.

(16) For the same reasons, administrators of ***climate transition*** and of ***Paris-aligned*** benchmarks should equally publish their methodology used for their calculation. That information should describe how the underlying assets were selected and weighted and which assets were excluded and for what reason. ▌To assess how the benchmark contributes to the environmental objectives, the benchmark administrator should disclose how the carbon footprint and carbon savings of the underlying assets were measured, their respective values, including the total carbon footprint of the benchmark, and the type and source of the data used. To enable asset managers to choose the most appropriate benchmark for their investment strategy, benchmark administrators should explain the rationale behind the parameters of their methodology and explain how the

benchmark contributes to the environmental objectives ▌. The published information should also include details on the frequency of reviews and the procedure followed.

▌

(17a) It is important that the key elements of the methods used to compile climate transition and Paris-aligned benchmarks have a solid foundation in climate science. This will routinely be achieved by adhering to the Paris Climate Agreement, for example, by using a climate scenario and corresponding decarbonisation path that is aligned with the goals of the Paris Climate Agreement.

(18) To ensure continued adherence to the selected climate-change mitigation objective, administrators of ***climate transition*** and ***Paris-aligned*** benchmarks should regularly review their methodologies and inform users of the applicable procedures for any material change. When introducing a material change, benchmark administrators should disclose the reasons for that change and explain how the change is consistent with the benchmarks' initial objectives.

(19) In order to enhance transparency and ensure an adequate level of harmonization, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission to specify ▌the minimum content of the disclosure obligations that benchmark administrators ***of climate transition and Paris-aligned benchmarks*** should be subject to, and to specify the minimum standards for harmonization of the methodology of ***climate transition*** and ***Paris-aligned*** benchmarks, including the method for the calculation of carbon emissions ▌associated with the underlying assets, taking into account the Product and Organisation Environmental Footprint methods as defined in points (a) and (b) of point 2 of Commission Recommendation 2013/179/EU[30] ***and the work of the Technical Expert Group on Sustainable Finance (TEG)***. It is of particular importance that the Commission carry out appropriate ***open and public*** consultations during its preparatory work ***on each of the delegated acts***, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.

(20) Regulation (EU) 2016/1011 should therefore be amended accordingly,

---

30 Commission Recommendation 2013/179/EU of 9 April 2013 on the use of common methods to measure and communicate the life cycle environmental performance of products and organisations **(**OJ L 124, 4.5.2013, p. 1).

HAVE ADOPTED THIS REGULATION:

Article 1

Amendments to Regulation (EU) 2016/1011

Regulation (EU) 2016/1011 is amended as follows:

1. in Article 3(1), the following points 23(a)***,*** 23(b) ***and 23(c)*** are inserted:

"(23a) '***climate transition*** benchmark' means a benchmark ***that is labelled as a EU Climate Transition Benchmark*** where the underlying assets, for the purposes of point 1(b)(ii) of this paragraph, are selected***, weighted or excluded*** so that the resulting benchmark portfolio ***is on a decarbonisation trajectory*** and which is constructed in accordance with the standards laid down in the delegated acts referred to in Article 19a(2). Th***at*** benchmark shall meet all of the following ***minimum requirements:***

(i) the asset issuers' emissions reduction plans must include measurable time-based targets that are robust and evidence-based;

(ii) the companies responsible for the underlying assets must have in place detailed emissions reduction plans that are disaggregated down to the level of individual operating subsidiaries;

(iii) the asset issuers must report annually on the progress made towards these targets;

(iv) the activities of the underlying assets must not significantly harm other ESG objectives.

By 1 January 2022, benchmark providers in the Union shall endeavour to market one or more climate transition benchmark and that benchmark will be regulated as a significant benchmark;

(23b) '***Paris-aligned*** benchmark' means a benchmark ***that is labelled as a Paris-aligned benchmark and*** where the underlying assets, for the purposes of point 1(b)(ii) of this paragraph, are selected on the basis that ***the resulting benchmark portfolio's*** carbon emissions ***are aligned with the 1.5°C Paris Climate Agreement commitment*** and which is ***also*** constructed in accordance with the ***minimum*** standards laid down in the delegated acts referred to in Article 19a(2)***, and in which the underlying asset portfolio is not exposed to companies engaged in any of the following economic activities:***

- ***the exploration, extraction, distribution and processing of fossil fuels;***
- ***the construction and maintenance of power plants that burn fossil fuels.***

The activities of the underlying assets shall not significantly harm other ESG objectives.

By 1 January 2022 benchmark providers in the Union shall endeavour to market one or more Paris aligned benchmark and that benchmark will be regulated as a significant benchmark;

(23c) 'decarbonisation trajectory': means a measurable, science-based and time-

bound trajectory to reduce scope 1, 2 and 3 and carbon emissions towards the alignment with the long-term global warming target of the Paris Climate Agreement.";

2. Article 13 is amended as follows:

(a) in paragraph 1, the following ***points*** (d) ***and (da) are*** added:

"(d) an explanation of how the key elements of the methodology laid down in point (a) reflect environmental, social or governance ('ESG') factors for each benchmark or family of benchmarks ▌;

"(da) an explanation of how the benchmark or family of benchmarks impact the climate, notably their degree of alignment with the objectives of the Paris Climate Agreement;";

(b) the following paragraph 2a is inserted:

"2a. The Commission is empowered to adopt delegated acts in accordance with Article 49 to specify further the minimum content of the explanation referred to in ***points*** (d) ***and (da)*** of paragraph 1 of this Article ***as well as the standard format to be used, and to update guidance on the benchmark statement referred to in Article 27(2a) to include references to ESG and sustainability considerations***.";

3. in Title III, the following Chapter 3a is inserted:

"Chapter 3a

Low-carbon and Paris-aligned impact benchmarks

Article 19a

Low-carbon and Paris-aligned impact benchmarks

(1) The requirements laid down in Annex III shall apply to the provision of, and contribution to, climate transition or Paris-aligned impact benchmarks in addition to, or as a substitute for, the requirements of Title II, III and IV.

(2) The Commission is empowered to adopt delegated acts in accordance with Article 49 concerning climate transition and Paris-aligned benchmarks to specify ▌:

(a) the criteria for the choice of the underlying assets, including, where applicable, the exclusion criteria for assets;

(b) the criteria and method for the weighting of the underlying assets in the benchmark;

(c) ▌the calculation of ***the decarbonisation trajectory for the climate transition benchmarks***.";

3a. In Article 21, the last subparagraph of paragraph (3) is amended as follows:

"By the end of that period, the competent authority shall review its decision to compel the administrator to continue to publish the benchmark and may, where necessary, extend the time period by an appropriate period not exceeding a further 12 months. The maximum period of mandatory administration shall not exceed 36 months in total.";

3b. ***In Article 23, last subparagraph of paragraph (6) is amended as follows:***

"The maximum period of mandatory contribution under points (a) and (b) of the first subparagraph shall not exceed 36 months in total.";

4. in Article 27, the following paragraphs 2a, 2b ***and 2c*** are inserted:

"2a. For each requirement in paragraph 2, a benchmark statement shall contain an explanation of how environmental, social and governance factors are reflected ***in*** each benchmark or family of benchmarks provided and published ▌***. For those benchmarks or families of benchmarks, which are not pursuing ESG objectives, it shall be sufficient for benchmark providers to clearly state in the benchmark statement that they do not pursue such objectives.***

Where no benchmark pursuant to points 23a and 23b of Article 3(1) is available in the portfolio of that individual benchmark provider, or they have no benchmarks that pursue or take into account ESG objectives, this will be stated in the benchmark statement. For its significant equity and bond benchmarks, the benchmark provider shall publish a detailed benchmark statement on whether or not and to what extent an overall degree of alignment with the target of reducing carbon emissions and/or attaining the goals of the Paris Climate Agreement, as per the disclosure rules for financial products in Article 5(3) of [PO insert reference to Regulation on disclosures relating to sustainable investments and sustainability risks], is ensured. By 1 January 2020, the Commission shall, based on an impact assessment, assess how it is possible to include for all benchmarks or families of benchmarks in the benchmark statement, a detailed explanation of how the target of the carbon emission and/or attaining the goals of the Paris Climate Agreement is ensured.

Where the benchmark provider makes a benchmark pursuant to points 23a and 23b of Article 3(1) available, the benchmark statement for that benchmark will also contain information on the overall degree of alignment with the long-term temperature goal of the Paris Climate Agreement to hold global temperature increase to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1,5°C above pre-industrial levels.

2b. The Commission is empowered to adopt delegated acts in accordance with Article 49 to specify further the information referred to in paragraph 2a ***of this Article with a view to enabling market players make well-informed choices and to ensure the technical feasibility of that paragraph.***

By 31 December 2019, the Commission shall provide an impact assessment for the purpose of deciding when the delegated act will enter into force, with a view to providing sufficient time for benchmark administrators to comply with paragraph 2a. That delegated act shall enter into force not later than 1 January 2021.

2c. With the rapid evolution in climate technology it is essential that new innovations are integrated by the Commission. By 31 December 2023, the Commission shall therefore review this Regulation and publish a report analysing the impact of this new regulation and of new climate technology in view of making the financial benchmark sector aligned with the Paris Climate Agreement commitments as implemented in Union law as well as with the requirements set out in Regulation .../... of the European Parliament and the European Council on the Governance of

the Energy Union*[*+]*. That report shall be accompanied, where appropriate, by a legislative proposal".

**** Regulation (EU) .../... of the European Parliament and of the Council of ... on the Governance of the Energy Union, amending Directive 94/22/EC, Directive 98/70/EC, Directive 2009/31/EC, Regulation (EC) No 663/2009, Regulation (EC) No 715/2009, Directive 2009/73/EC, Council Directive 2009/119/EC, Directive 2010/31/EU, Directive 2012/27/EU, Directive 2013/30/EU and Council Directive (EU) 2015/652 and repealing Regulation (EU) No 525/2013.. (OJ ...).'***

+ OJ: Please insert in the text the number of the Directive contained in document (2016/0375 (COD)) and insert the number, date, title and OJ reference of that Directive in the footnote.

4a. Article 49 is replaced by the following:

"1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.

2. The power to adopt delegated acts referred to in Articles 3(2), ***13(2a), 19(2a),*** 20(6), 24(2), ***27(2),*** 33(7), 51(6) and 54(3) shall be conferred on the Commission for ***a*** ▌ period of ***five years from ... [PO date of entry into force of the amending act]. The Commission shall draw up a report in respect of the delegation of power no later than nine months before the end of the five-year period. The delegation of power shall be tacitly extended for further periods of identical duration, unless the European Parliament of the Council opposes such extension not later than three months before the end of each period.***

3. The delegation of power referred to in Articles 3(2), ***13(2a), 19(2a),*** 20(6), 24(2), ***27(2b),*** 33(7), 51(6) and 54 (3) may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of power specified in that decision. It shall take effect on the day following the publication of the decision in the *Official Journal of the European Union* or on a later date specified therein. It shall not affect the validity of any delegated acts already in force.

4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.

5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.

6. A delegated act adopted pursuant to Articles 3(2), ***13(2a), 19(2a),*** 20(6), 24(2), ***27(2b),*** 33(7), 51(6) and 54(3) shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of three months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by three months at the initiative of the European Parliament or of the Council."

4b. In Article 51, the following paragraph is inserted:

"4a. An existing benchmark designated as critical by an implementing act adopted by the Commission in accordance with Article 20 of this Regulation that does not meet

the requirements to obtain authorisation in accordance with Article 34 of this Regulation by 1 January 2020 may, if its discontinuation would affect financial stability, be used until 31 December 2021."

4c. In Article 54, the following paragraph is inserted:

"3a. Once a comprehensive and detailed framework for sustainable investment, of which the [Regulation of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment] is a first building block, has entered into force, the Commission shall publish without undue delay a report on the feasibility of including in Regulation (EU) 2016/1011 provisions for a 'sustainability benchmark' or 'ESG benchmark' on the basis of the framework for sustainable investment. That report shall be sent to the European Parliament and to the Council. That report shall be accompanied, where appropriate, by a legislative proposal.";

5. the text of the annex to this Regulation is added.

Article 2

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

To ensure future consistency and legal certainty, it is imperative that as and when the EU taxonomy regulation comes into force, there is coherence between the both texts.

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

Done at Brussels,

For the European Parliament	*For the Council*
The President	*The President*

ANNEX

Climate transition and ***Paris-aligned*** benchmarks

METHODOLOGY FOR ***CLIMATE TRANSITION*** BENCHMARKS

1. ***With full respect to the evolving nature of sustainability indicators and of the methods used to measure them,*** the administrator of a low-carbon benchmark shall formalise, document and make public any methodology used for the calculation of ***the benchmark***, describing the following***, while ensuring confidentiality and protection of undisclosed know-how and business information (trade secrets) as defined by Directive EU 2016/943***:

   (a) the list of the underlying assets that are used for calculating the benchmark;

   (b) all criteria and methods, including selection***, exclusion*** 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 reserves that are incompatible with inclusion in the benchmark;

   (d) the criteria and ***science-based methodology and the calculation of*** the ***decarbonisation trajectory*** associated with the underlying assets in the index portfolio;

   ▌(h) the type and source of input data ***and how it is used within the benchmark methodology to determine*** the selection ***or exclusion of the underlying*** assets ▌, including:

      (i) emissions ***generated*** from sources that are controlled by the company ***associated with the underlying assets***;

      (ii) emissions from the consumption of purchased electricity, steam, or other sources of energy generated upstream from the company ***associated with the underlying assets***;

      (***iii***) emissions that are a consequence of the operations of a company ***or of any of its underlying assets,*** but that are not directly controlled by the company ***only such companies that identify such indirect or "scope 3" emissions shall be considered for inclusion given the availability of data.***;

      ▌

      (v) whether the input data uses ***global standards such as the Financial Stability Board's Taskforce on Climate-related Financial Disclosures*** ;

   (i) the total ***carbon emissions*** of the index portfolio and the estimated impacts on climate-change mitigation of the strategy pursued by the benchmark;

   (j) the rationale for adopting a particular methodology strategy or objective and an explanation of why the methodology is appropriate for the calculation of the ***environmental*** objectives of the benchmark.

Methodology for ***Paris-aligned*** benchmarks

2. The administrator of ***Paris-aligned*** benchmark, in addition to the obligations applicable to the administrator of a ***climate transition*** benchmark, shall disclose the carbon impact of each underlying asset included in the benchmark and shall specify the formula or calculation that is used to determine whether the ***emissions are in line with long-term temperature goal of the Paris Climate Agreement***.

Changes to the methodology

3. Administrators of ***climate transition*** and ***Paris-aligned*** benchmarks shall adopt and make public to users procedures for and the rationale of any proposed material change in their methodology. Those procedures shall be consistent with the overriding objective that benchmark calculations adhere continuously to the ***climate transition*** or ***Paris alignment*** objectives. Those procedures shall provide:

   (a) advance notice in a clear time frame that gives users 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 to comment on those changes and for the administrators to respond to those comments, where those comments shall be accessible for all market users after any given consultation period, except where the commenter has requested confidentiality.

4. Administrators of ***climate transition*** and ***Paris-aligned*** benchmarks shall regularly, ***and at least annually,*** examine their methodologies to ensure that they reliably reflect the ***stated*** objectives and shall have a process in place for taking the views of ***all*** relevant users into account.".

22.11.2018

OPINION OF THE COMMITTEE ON THE ENVIRONMENT, PUBLIC HEALTH AND FOOD SAFETY

for the Committee on Economic and Monetary Affairs

on the proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2016/1011 on low carbon benchmarks and positive carbon impact benchmarks
(COM(2018)0355 – C8-0209/2018 – 2018/0180(COD))

Rapporteur for opinion: Adina-Ioana Vălean

AMENDMENTS

The Committee on the Environment, Public Health and Food Safety calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to take into account the following amendments:

Amendment 1

Proposal for a regulation
Title

Text proposed by the Commission	*Amendment*
Proposal for a	Proposal for a
REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL	REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
amending Regulation (EU) 2016/1011 on ***low carbon*** benchmarks ***and*** positive ***carbon*** impact benchmarks	amending Regulation (EU) 2016/1011 on ***integration of sustainability indicators in the methodology of*** benchmarks***, and on*** positive impact benchmarks
(Text with EEA relevance)	(Text with EEA relevance)

Amendment 2

Proposal for a regulation

Recital 7

Text proposed by the Commission	*Amendment*
(7) Regulation (EU) 2016/1011 of the European Parliament and of the Council[30] establishes uniform rules for benchmarks in the Union and caters for different types of benchmark. An increasing number of investors pursue ***low-carbon*** investment strategies and take recourse to ***low-carbon*** benchmarks to reference or measure the performance of investment portfolios.	(7) Regulation (EU) 2016/1011 of the European Parliament and of the Council[30] establishes uniform rules for benchmarks in the Union and caters for different types of benchmark. An increasing number of investors pursue ***sustainable*** investment strategies and take recourse to benchmarks to reference or measure the performance of investment portfolios.
[30] Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).	[30] Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).

Amendment 3

Proposal for a regulation
Recital 8

Text proposed by the Commission	*Amendment*
(8) A wide variety of indices is currently grouped together as low carbon indices. Those ***low carbon*** indices are used as benchmarks for investment portfolios and products that are sold across borders. The quality and integrity of ***low carbon*** benchmarks affect the effective functioning of the internal market in a wide variety of individual and collective investment portfolios. Many low carbon indices used as performance measures for investment portfolios, in particular for segregated investment accounts and collective investment schemes, are provided in one Member State but used by portfolio and asset managers in other Member States. In	(8) A wide variety of indices is currently grouped together as low carbon ***or sustainability*** indices. Those indices are used as benchmarks for investment portfolios and products that are sold across borders. The quality and integrity of benchmarks affect the effective functioning of the internal market in a wide variety of individual and collective investment portfolios. Many low carbon ***and sustainability*** indices used as performance measures for investment portfolios, in particular for segregated investment accounts and collective investment schemes, are provided in one Member State but used by portfolio and asset

addition, portfolio and asset managers often hedge their carbon exposure risks by using benchmarks produced in other Member States.	managers in other Member States. In addition, portfolio and asset managers often hedge their carbon exposure ***and environmental*** risks by using benchmarks produced in other Member States.

Amendment 4

Proposal for a regulation
Recital 9

Text proposed by the Commission	*Amendment*
(9) Different categories of ***low carbon*** indices with various degrees of ambition have emerged in the marketplace***. While some benchmarks aim to lower the carbon footprint of a standard investment portfolio, others aim to select only components that contribute to attaining the 2°C degree objective set out in the Paris Climate Agreement***. Despite differences in objectives and strategies, all of these benchmarks are commonly promoted as ***low-carbon*** benchmarks.	(9) Different categories of ***sustainability*** indices with various degrees of ambition have emerged in the marketplace. Despite differences in objectives and strategies, all of these benchmarks are commonly promoted as ***sustainability*** benchmarks.

Amendment 5

Proposal for a regulation
Recital 10 a (new)

Text proposed by the Commission	*Amendment*
	(10a) As the Commission High-Level Expert Group on Sustainable Finance concluded, benchmarks need to be better aligned with sustainability and reflect their exposure to sustainability risks. Investors need comparable and holistic information regarding environmental risks and impact to assess their portfolios beyond carbon exposure. A narrow focus on carbon exposure could have negative spill overs by redirecting investments flows to targets that carry other environmental risks. Hence, benchmark administrators should consider and

disclose to what extent sustainability (environmental, social and governance) considerations are reflected within the methodology of a benchmark.

Amendment 6

Proposal for a regulation
Recital 10 b (new)

Text proposed by the Commission	*Amendment*
	(10b) Therefore, all benchmark administrators should incorporate in their benchmark methodologies key resource efficiency indicators, which alongside CO_2 emissions, cover other emissions, impact on biodiversity, production of waste and the use of energy, renewable energy, raw materials, water, and land, as laid out in the Commission monitoring framework on the circular economy, the EU action plan for the Circular Economy and in the European Parliament resolution of 9 July 2015 on "resource efficiency: moving towards a circular economy".

Amendment 7

Proposal for a regulation
Recital 10 c (new)

Text proposed by the Commission	*Amendment*
	(10c) As proposed by the Commission High-Level Expert Group on Sustainable Finance, the European Securities and Markets Authority (ESMA) should include references to environmental, social and governance ('ESG') objectives and sustainability considerations in its guidance on the 'Benchmark statement'. ESMA, together with the European Financial Reporting Advisory Group (EFRAG), should develop guidance for benchmarks administrators to integrate

circular economy indicators in benchmark methodologies.

Amendment 8

Proposal for a regulation
Recital 11

Text proposed by the Commission	*Amendment*
(11) In the absence of a harmonised framework to ensure the accuracy and integrity of ***the main categories of low carbon*** benchmarks used in individual or collective investment portfolios, it is likely that differences in Member States' approaches will create obstacles to the smooth functioning of the internal market.	(11) In the absence of a harmonised framework to ensure the accuracy and integrity of benchmarks used in individual or collective investment portfolios, it is likely that differences in Member States' approaches will create obstacles to the smooth functioning of the internal market.

Amendment 9

Proposal for a regulation
Recital 12

Text proposed by the Commission	*Amendment*
(12) Therefore, to maintain the proper functioning of the internal market, to further improve the conditions of its functioning, and to ensure a high level of consumer and investor protection, it is appropriate to adapt Regulation (EU) 2016/1011 to lay down a regulatory framework for ***harmonised low carbon benchmarks*** at Union level.	(12) Therefore, to maintain the proper functioning of the internal market, to further improve the conditions of its functioning, and to ensure a high level of consumer and investor protection, it is appropriate to adapt Regulation (EU) 2016/1011 to lay down a regulatory framework for ***integrating circular economy indicators in benchmark methodologies*** at Union level.

Amendment 10

Proposal for a regulation
Recital 13

Text proposed by the Commission	*Amendment*
(13) It is ***furthermore*** necessary to ***introduce a clear distinction between low-***	(13) ***While*** it is necessary to ***integrate circular economy indicators to all***

carbon and positive ***carbon*** impact benchmarks***. While*** the underlying assets in a ***low-carbon*** benchmark ***should be selected with the aim of reducing carbon emissions of the index portfolio when compared to the parent index, a positive carbon impact index*** should only comprise components whose ***emissions savings exceed their carbon emissions***.

benchmark methodologies, a category of positive impact benchmarks ***should be introduced.*** The underlying assets in a ***positive impact*** benchmark should only comprise components whose ***net impact based on harmonised circular economy indicators is positive***.

Amendment 11

Proposal for a regulation
Recital 14

Text proposed by the Commission	*Amendment*
(14) Each company whose assets are selected as underlying in a positive impact benchmark should ***save more carbon emissions than it produces, hence*** have a positive impact on the environment. The asset and portfolio managers who claim to pursue ***an*** investment strategy ***compatible with the Paris Climate Agreement*** should therefore use positive ***carbon*** impact benchmarks.	(14) Each company whose assets are selected as underlying in a positive impact benchmark should have a positive ***net*** impact on the environment. The asset and portfolio managers who claim to pursue ***a sustainable*** investment strategy should therefore use positive impact benchmarks.

Amendment 12

Proposal for a regulation
Recital 15

Text proposed by the Commission	*Amendment*
(15) ***A variety of benchmark administrators claim that their benchmarks pursue environmental, social and governance ('ESG') objectives.*** The users of ***those*** benchmarks do ***however*** not always have the necessary information on the extent to which the methodology of ***those*** benchmark administrators takes into account ***those ESG objectives***. The existing information is ***also*** often scattered and does not allow for effective comparison for investment purposes across borders. To	(15) The users of benchmarks do not always have the necessary information on the extent to which the methodology of benchmark administrators takes into account ***ESG risks and impact***. The existing information is often scattered and does not allow for effective comparison for investment purposes across borders. To enable market players to make well-informed choices, ***all*** benchmark administrators should be required to disclose how their methodology

enable market players to make well-informed choices, benchmark administrators should be required to disclose how their methodology ***takes into account the ESG factors*** for each benchmark ***or family of benchmarks that is promoted as pursuing ESG objectives***. That information should ***also*** be disclosed in the benchmark statement. ***The administrators of benchmarks that do not promote or take into account the ESG objectives, should not be subject to this disclosure obligation.***

incorporates circular economy indicators for each benchmark. That information should be disclosed in the benchmark statement.

Amendment 13

Proposal for a regulation
Recital 16

Text proposed by the Commission	*Amendment*
(16) For the same reasons, administrators of ***low-carbon and of*** positive ***carbon*** impact benchmarks should equally publish their methodology used for their calculation. That information should describe how the underlying assets were selected and weighted and which assets were excluded and for what reason. The benchmark administrators should also specify how the ***low carbon*** benchmarks differ from the underlying parent index, notably in terms of the applicable weights, market capitalisation and financial performance of the underlying assets. To assess how the benchmark contributes to the environmental objectives, the benchmark administrator should disclose how the ***carbon footprint and carbon savings*** of the underlying assets were measured, their respective values, including the total ***carbon*** footprint of the benchmark, and the type and source of the data used. To enable asset managers to choose the most appropriate benchmark for their investment strategy, benchmark administrators should explain the rationale behind the parameters of their	(16) For the same reasons, ***benchmark*** administrators of positive impact benchmarks should equally publish their methodology used for their calculation. That information should describe how the underlying assets were selected and weighted and which assets were excluded and for what reason. The benchmark administrators should also specify how the ***positive impact*** benchmarks differ from the underlying parent index, notably in terms of the applicable weights, market capitalisation and financial performance of the underlying assets. To assess how the benchmark contributes to the environmental objectives, the benchmark administrator should disclose how the ***environmental impact and risks*** of the underlying assets were measured, their respective values, including the total ***environmental*** footprint of the benchmark, and the type and source of the data used. To enable asset managers to choose the most appropriate benchmark for their investment strategy, benchmark administrators should explain the rationale behind the parameters of their

methodology and explain how the benchmark contributes to the environmental objectives***, including its impact on climate-change mitigation***. The published information should also include details on the frequency of reviews and the procedure followed.	methodology and explain how the benchmark contributes to the environmental objectives. The published information should also include details on the frequency of reviews and the procedure followed.

Amendment 14

Proposal for a regulation
Recital 17

Text proposed by the Commission	*Amendment*
(17) In addition, administrator of positive ***carbon*** impact benchmarks should disclose the positive ***carbon*** impact of each underlying asset included in those benchmarks, specifying the method used to determine whether the ***emission savings exceed the investment asset's carbon footprint***.	(17) In addition, administrator of positive impact benchmarks should disclose the positive ***environmental*** impact of each underlying asset included in those benchmarks, specifying the method used to determine whether the ***net environmental impact is positive***.

Amendment 15

Proposal for a regulation
Recital 18

Text proposed by the Commission	*Amendment*
(18) To ensure ***continued adherence to the selected climate-change mitigation objective***, administrators of ***low-carbon and*** positive ***carbon*** impact benchmarks should regularly review their methodologies and inform users of the applicable procedures for any material change. When introducing a material change, benchmark administrators should disclose the reasons for that change and explain how the change is consistent with the benchmarks' initial objectives.	(18) To ensure ***accuracy of information to investors***, administrators of positive impact benchmarks should regularly review their methodologies and inform users of the applicable procedures for any material change. When introducing a material change, benchmark administrators should disclose the reasons for that change and explain how the change is consistent with the benchmarks' initial objectives.

Amendment 16

Proposal for a regulation
Recital 19

Text proposed by the Commission	*Amendment*
(19) In order to enhance transparency and ensure an adequate level of harmonization, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission to specify further the minimum content of the disclosure obligations that benchmark administrators ***that take into account the ESG objectives*** should be subject to, and to specify the minimum standards for harmonization of the methodology of ***low-carbon and positive carbon impact*** benchmarks, including the method for the calculation of ***carbon emissions and carbon savings*** associated with the underlying assets, taking into account the Product and Organisation Environmental Footprint methods as defined in points (a) and (b) of point 2 of Commission Recommendation 2013/179/EU[31] . It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement on Better Law-Making of 13 April 2016. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.	(19) In order to enhance transparency and ensure an adequate level of harmonization, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission to specify further the minimum content of the disclosure obligations that benchmark administrators should be subject to, and to specify the minimum standards for harmonization of ***integrating circular economy indicators in*** the methodology of benchmarks, including the method for the calculation of ***net environmental impact*** associated with the underlying assets, taking into account the Product and Organisation Environmental Footprint methods as defined in points (a) and (b) of point 2 of Commission Recommendation 2013/179/EU[31] ***and the circular economy indicators laid down in the Commission Circular Economy Monitoring Platform and the Commission Circular Economy Action Plan***. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement on Better Law-Making of 13 April 2016. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.
[31] Commission Recommendation	[31] Commission Recommendation

2013/179/EU of 9 April 2013 on the use of common methods to measure and communicate the life cycle environmental performance of products and organisations (OJ L 124, 4.5.2013, p. 1).	2013/179/EU of 9 April 2013 on the use of common methods to measure and communicate the life cycle environmental performance of products and organisations (OJ L 124, 4.5.2013, p. 1).

Amendment 17

Proposal for a regulation
Article 1 – paragraph 1 – point 1
Regulation (EU) 2016/1011
Article 3 – paragraph 1 – point 23a

Text proposed by the Commission	*Amendment*
(23a) '***low-carbon*** benchmark' means a benchmark where the underlying assets, for the purposes of point 1(b)(ii) of this paragraph, are selected ***so that the resulting benchmark portfolio has less carbon emissions when compared to the assets that comprise a standard capital-weighted benchmark*** and which is constructed in accordance with the standards laid down in the delegated acts referred to in Article 19a(2);	(23a) '***positive environmental impact*** benchmark' means a benchmark where the underlying assets, for the purposes of point 1(b)(ii) of this paragraph, are selected ***on the basis that their positive net environmental footprint*** and which is constructed in accordance with the standards laid down in the delegated acts referred to in Article 19a(2);

Amendment 18

Proposal for a regulation
Article 1 – paragraph 1 – point 1
Regulation (EU) 2016/1011
Article 3 – paragraph 1 – point 23b

Text proposed by the Commission	*Amendment*
(23b) 'positive carbon impact benchmark' means a benchmark where the underlying assets, for the purposes of point 1(b)(ii) of this paragraph, are selected on the basis that their carbon emissions savings exceed the asset's carbon footprint and which is constructed in accordance with the standards laid down in the delegated acts referred to in Article 19a(2);	***deleted***

Amendment 19

Proposal for a regulation
Article 1 – paragraph 1 – point 2 – point a
Regulation (EU) 2016/1011
Article 13 – paragraph 1 – point d

Text proposed by the Commission	*Amendment*
(d) an explanation of how the key elements of the methodology laid down in point (a) reflect environmental, social or governance ('ESG') factors ***for each benchmark or family of benchmarks which pursue or take into account ESG objectives***;	(d) an explanation of how the key elements of the methodology laid down in point (a) reflect environmental, social or governance ('ESG') factors***, including key circular economy indicators, such as CO_2 emissions, other emissions, impact on biodiversity, production of waste and the use of energy, renewable energy, raw materials, water, and land, as laid out by the Commission monitoring framework on the circular economy***;

Amendment 20

Proposal for a regulation
Article 1 – paragraph 1 – point 2 – point b
Regulation (EU) 2016/1011
Article 13 – paragraph 2a

Text proposed by the Commission	*Amendment*
2a. The Commission shall be empowered to adopt delegated acts in accordance with Article 49 to specify further the minimum content of the explanation referred to in point (d) of paragraph 1.	2a. The Commission shall be empowered to adopt delegated acts in accordance with Article 49 to specify further the minimum content of the explanation referred to in point (d) of paragraph 1***, and to update guidance on the benchmark statement referred to in Article 27(2a) to include references to ESG and sustainability considerations***.

Amendment 21

Proposal for a regulation
Article 1 – paragraph 1 – point 3

Regulation (EU) 2016/1011
Title III – chapter 3a – title

Text proposed by the Commission	*Amendment*
Low-carbon and positive ***carbon*** impact benchmarks	Positive ***environmental*** impact benchmarks

Amendment 22

Proposal for a regulation
Article 1 – paragraph 1 – point 3
Regulation (EU) 2016/1011
Article 19a – paragraph 1

Text proposed by the Commission	*Amendment*
(1***)*** The requirements laid down in Annex III shall apply to the provision of, and contribution to, ***low-carbon or*** positive ***carbon*** impact benchmarks in addition to, or as a substitute for, the requirements of Title II, III and IV.	1**.** The requirements laid down in Annex III shall apply to the provision of, and contribution to, positive ***environmental*** impact benchmarks in addition to, or as a substitute for, the requirements of Title II, III and IV.

Amendment 23

Proposal for a regulation
Article 1 – paragraph 1 – point 3
Regulation (EU) 2016/1011
Article 19a – paragraph 2 – introductory part

Text proposed by the Commission	*Amendment*
(2) The Commission shall be empowered to adopt delegated acts in accordance with Article 49 to specify further the minimum standards for ***low-carbon and*** positive ***carbon*** impact benchmarks, including:	(2) The Commission shall be empowered to adopt delegated acts in accordance with Article 49 to specify further the minimum standards for positive ***environmental*** impact benchmarks ***in line with the Paris Agreement commitments as implemented in Union law***, including:

Amendment 24

Proposal for a regulation
Article 1 – paragraph 1 – point 3

Regulation (EU) 2016/1011
Article 19a – paragraph 2 – point c

Text proposed by the Commission	*Amendment*
(c) the method for the calculation of carbon emissions ***and carbon savings*** associated with the underlying assets.	(c) the method for the calculation of carbon emissions***, other emissions, impact on biodiversity, production of waste and the use of energy, renewable energy, raw materials, water, and land,*** associated with the underlying assets.

Amendment 25

Proposal for a regulation
Article 1 – paragraph 1 – point 4
Regulation (EU) 2016/1011
Article 27 – paragraph 2a

Text proposed by the Commission	*Amendment*
2a. For each requirement in paragraph 2, a benchmark statement shall contain an explanation of how environmental, social and governance factors are reflected for each benchmark or family of benchmarks provided and published ***which pursue or take into account ESG objectives***.	2a. For each requirement in paragraph 2, a benchmark statement shall contain an explanation of how environmental, social and governance factors are reflected for each benchmark or family of benchmarks provided and published.

Amendment 26

Proposal for a regulation
Article 1 – paragraph 1 – point 4
Regulation (EU) 2016/1011
Article 27 – paragraph 2b

Text proposed by the Commission	*Amendment*
2b. The Commission shall be empowered to adopt delegated acts in accordance with Article 49 to specify further the information referred to in in paragraph 2a.	2b. The Commission shall be empowered to adopt delegated acts in accordance with Article 49 to specify further the information referred to in in paragraph 2a***, to update guidance on the benchmark statement to include references to ESG and sustainability considerations***.

Amendment 27

Proposal for a regulation
Annex I – subheading 1

Text proposed by the Commission	*Amendment*
Low-carbon and positive ***carbon*** impact benchmarks	Positive impact benchmarks

Amendment 28

Proposal for a regulation
Annex I – subheading 2

Text proposed by the Commission	*Amendment*
Methodology for ***low carbon*** benchmarks	Methodology for ***positive impact*** benchmarks

Amendment 29

Proposal for a regulation
Annex I – point 1 – introductory part

Text proposed by the Commission	*Amendment*
1. The administrator of a ***low-carbon*** benchmark shall formalise, document and make public any methodology used for the calculation of ***low carbon benchmarks***, describing the following:	1. The administrator of a ***positive impact*** benchmark shall formalise, document and make public any methodology used for the calculation of ***circular economy indicators***, describing the following:

Amendment 30

Proposal for a regulation
Annex I – point 1 – point a

Text proposed by the Commission	*Amendment*
(a) the list of the underlying assets that are used for calculating the ***low carbon benchmark***;	(a) the list of the underlying assets that are used for calculating the ***positive net impact***;

Amendment 31

Proposal for a regulation
Annex I – point 1 – point c

Text proposed by the Commission	*Amendment*
(c) the criteria applied to exclude assets or companies that are ***associated with a level of carbon footprint or a level of fossil reserves that are*** incompatible with inclusion in the ***low carbon*** benchmark;	(c) the criteria applied to exclude assets or companies that are ***having a negative net environmental impact and therefore*** incompatible with inclusion in the ***positive impact*** benchmark;

Amendment 32

Proposal for a regulation
Annex I – point 1 – point d

Text proposed by the Commission	*Amendment*
(d) the criteria for and the methods of how the ***low carbon*** benchmark measures the ***carbon footprint and carbon savings*** associated with the underlying assets in the index portfolio;	(d) the criteria for and the methods of how the ***positive impact*** benchmark measures the ***environmental impact*** associated with the underlying assets in the index portfolio;

Amendment 33

Proposal for a regulation
Annex I – point 1 – point e

Text proposed by the Commission	*Amendment*
(e) the tracking error between the ***low carbon*** benchmark and the parent index;	(e) the tracking error between the ***positive impact*** benchmark and the parent index;

Amendment 34

Proposal for a regulation
Annex I – point 1 – point f

Text proposed by the Commission	*Amendment*
(f) the positive reweighting of ***low-carbon*** assets in the ***low carbon*** benchmark versus the parent index and the explanation of why this reweighting is necessary to reflect the chosen objectives of the ***low carbon*** benchmark;	(f) the positive reweighting of assets ***with environmentally positive impact*** in the benchmark versus the parent index and the explanation of why this reweighting is necessary to reflect the chosen objectives of the ***positive impact*** benchmark;

Amendment 35

Proposal for a regulation
Annex I – point 1 – point g

Text proposed by the Commission	*Amendment*
(g) the ratio between the market value of the securities that are in the ***low carbon*** benchmark and the market value of the securities in the parent index;	(g) the ratio between the market value of the securities that are in the ***positive impact*** benchmark and the market value of the securities in the parent index;

Amendment 36

Proposal for a regulation
Annex I – point 1 – point h – introductory part

Text proposed by the Commission	*Amendment*
(h) the type and source of input data used for the selection of assets or companies eligible for the ***low carbon*** benchmark, including:	(h) the type and source of input data used for the selection of assets or companies eligible for the ***positive impact*** benchmark, including:

Amendment 37

Proposal for a regulation
Annex I – point 1 – point h – point v a (new)

Text proposed by the Commission	*Amendment*
	(va) impact based on other circular economy indicators, as laid out in the Commission monitoring framework on the circular economy and the EU action plan for the Circular Economy, including

	impact on biodiversity, production of waste and the use of energy, renewable energy, raw materials, water, and land.

Amendment 38

Proposal for a regulation
Annex I – point 1 – point i

Text proposed by the Commission	*Amendment*
(i) the total ***carbon-footprint exposure*** of the index portfolio and the estimated ***impacts on climate-change mitigation*** of the ***low carbon*** strategy pursued by the benchmark;	(i) the total ***net environmental impact*** of the index portfolio and the estimated ***impact on environment*** of the strategy pursued by the benchmark;

Amendment 39

Proposal for a regulation
Annex I – point 1 – point j

Text proposed by the Commission	*Amendment*
(j) the rationale for adopting a particular ***low-carbon*** methodology strategy or objective and an explanation of why the methodology is appropriate for the calculation of the ***low-carbon*** objectives of the benchmark;	(j) the rationale for adopting a particular ***environmental*** methodology strategy or ***sustainability*** objective and an explanation of why the methodology is appropriate for the calculation of the ***environmental impact and sustainability*** objectives of the benchmark;

Amendment 40

Proposal for a regulation
Annex I – subheading 3

Text proposed by the Commission	*Amendment*
Methodology for positive ***carbon*** impact benchmarks	***Further*** methodology for positive impact benchmarks

Amendment 41

Proposal for a regulation

Annex I – point 2

Text proposed by the Commission	*Amendment*
2. The administrator of a positive ***carbon*** impact benchmark, in addition to the obligations ***applicable to the administrator of a low carbon benchmark***, shall disclose the positive ***carbon*** impact of each underlying asset included in the benchmark and shall specify the formula or calculation that is used to determine ***whether the emission savings exceed the investment asset's or company's carbon footprint ('positive carbon*** impact ***ratio'***).	2. The administrator of a positive impact benchmark, in addition to the obligations ***stated above***, shall disclose the positive ***environmental*** impact of each underlying asset included in the benchmark and shall specify the formula or calculation that is used to determine ***the net*** impact).

Amendment 42

Proposal for a regulation
Annex I – point 3 – introductory part

Text proposed by the Commission	*Amendment*
3. Administrators of ***low-carbon and*** positive ***carbon*** impact benchmarks shall adopt and make public to users procedures for and the rationale of any proposed material change in their methodology. Those procedures shall be consistent with the overriding objective that benchmark calculations adhere continuously to the ***low-carbon or*** positive ***carbon*** impact objectives. Those procedures shall provide:	3. Administrators of positive impact benchmarks shall adopt and make public to users procedures for and the rationale of any proposed material change in their methodology. Those procedures shall be consistent with the overriding objective that benchmark calculations adhere continuously to the positive ***net*** impact objectives. Those procedures shall provide:

Amendment 43

Proposal for a regulation
Annex I – point 4

Text proposed by the Commission	*Amendment*
4. Administrators of ***low-carbon and*** positive ***carbon*** impact benchmarks shall regularly examine their methodologies to ensure that they reliably reflect the ***relevant low-carbon or positive carbon*** objectives and shall have a process in place	4. Administrators of positive impact benchmarks shall regularly examine their methodologies to ensure that they reliably reflect the ***stated*** objectives and shall have a process in place for taking the views of

for taking the views of relevant users into account.	relevant users into account.

PROCEDURE – COMMITTEE ASKED FOR OPINION

Title	Low carbon benchmarks and positive carbon impact benchmarks
References	COM(2018)0355 – C8-0209/2018 – 2018/0180(COD)
Committee responsible Date announced in plenary	ECON 5.7.2018
Opinion by Date announced in plenary	ENVI 5.7.2018
Rapporteur Date appointed	Adina-Ioana Vălean 21.6.2018
Date adopted	20.11.2018
Result of final vote	+: 28 –: 18 0: 3
Members present for the final vote	Marco Affronte, Pilar Ayuso, Zoltán Balczó, Catherine Bearder, Ivo Belet, Biljana Borzan, Paul Brannen, Nessa Childers, Birgit Collin-Langen, Seb Dance, Mark Demesmaeker, Bas Eickhout, Francesc Gambús, Gerben-Jan Gerbrandy, Jens Gieseke, Julie Girling, Sylvie Goddyn, Françoise Grossetête, Benedek Jávor, Karin Kadenbach, Urszula Krupa, Giovanni La Via, Jo Leinen, Peter Liese, Valentinas Mazuronis, Susanne Melior, Miroslav Mikolášik, Massimo Paolucci, Gilles Pargneaux, Bolesław G. Piecha, John Procter, Julia Reid, Frédérique Ries, Annie Schreijer-Pierik, Adina-Ioana Vălean, Jadwiga Wiśniewska
Substitutes present for the final vote	Cristian-Silviu Buşoi, Nicola Caputo, Michel Dantin, Martin Häusling, Gesine Meissner, Tilly Metz, Ulrike Müller, Sirpa Pietikäinen, Carlos Zorrinho
Substitutes under Rule 200(2) present for the final vote	Mercedes Bresso, Innocenzo Leontini, Olle Ludvigsson, Ana Miranda

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

28	+
ALDE	Catherine Bearder, Gerben-Jan Gerbrandy, Valentinas Mazuronis, Gesine Meissner, Ulrike Müller, Frédérique Ries
NI	Zoltán Balczó
PPE	Innocenzo Leontini, Sirpa Pietikäinen
S&D	Biljana Borzan, Paul Brannen, Mercedes Bresso, Nicola Caputo, Nessa Childers, Seb Dance, Karin Kadenbach, Jo Leinen, Olle Ludvigsson, Susanne Melior, Massimo Paolucci, Gilles Pargneaux, Carlos Zorrinho
VERTS/ALE	Marco Affronte, Bas Eickhout, Martin Häusling, Benedek Jávor, Tilly Metz, Ana Miranda

18	-
ECR	Urszula Krupa, Bolesław G. Piecha, Jadwiga Wiśniewska
EFDD	Julia Reid
PPE	Pilar Ayuso, Ivo Belet, Cristian-Silviu Buşoi, Birgit Collin-Langen, Michel Dantin, Francesc Gambús, Jens Gieseke, Julie Girling, Françoise Grossetête, Esther Herranz García, Giovanni La Via, Peter Liese, Miroslav Mikolášik, Annie Schreijer-Pierik, Adina-Ioana Vălean

3	0
ECR	Mark Demesmaeker, John Procter
EFDD	Sylvie Goddyn

Key to symbols:
+ : in favour
- : against
0 : abstention

PROCEDURE – COMMITTEE RESPONSIBLE

Title	Low carbon benchmarks and positive carbon impact benchmarks
References	COM(2018)0355 – C8-0209/2018 – 2018/0180(COD)
Date submitted to Parliament	24.5.2018
Committee responsible Date announced in plenary	ECON 5.7.2018
Committees asked for opinions Date announced in plenary	ENVI ITRE 5.7.2018 5.7.2018
Not delivering opinions Date of decision	ITRE 18.6.2018
Rapporteurs Date appointed	Neena Gill 31.5.2018
Discussed in committee	18.10.2018 19.11.2018
Date adopted	13.12.2018
Result of final vote	+: 42 –: 1 0: 0
Members present for the final vote	Hugues Bayet, Pervenche Berès, Jonás Fernández, Stefan Gehrold, Sven Giegold, Neena Gill, Roberto Gualtieri, Brian Hayes, Gunnar Hökmark, Danuta Maria Hübner, Petr Ježek, Barbara Kappel, Georgios Kyrtsos, Philippe Lamberts, Bernd Lucke, Olle Ludvigsson, Ivana Maletić, Gabriel Mato, Costas Mavrides, Alex Mayer, Ana Miranda, Caroline Nagtegaal, Luděk Niedermayer, Ralph Packet, Dariusz Rosati, Anne Sander, Martin Schirdewan, Molly Scott Cato, Pedro Silva Pereira, Peter Simon, Theodor Dumitru Stolojan, Kay Swinburne, Ramon Tremosa i Balcells, Marco Valli, Miguel Viegas, Jakob von Weizsäcker, Marco Zanni
Substitutes present for the final vote	Matt Carthy, Mady Delvaux, Manuel dos Santos, Ramón Jáuregui Atondo, Syed Kamall, Lieve Wierinck
Date tabled	20.12.2018

FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

42	+
ALDE	Petr Ježek, Caroline Nagtegaal, Ramon Tremosa i Balcells, Lieve Wierinck
ECR	Syed Kamall, Bernd Lucke, Ralph Packet, Kay Swinburne
EFDD	Marco Valli
ENF	Barbara Kappel
GUE/NGL	Matt Carthy, Martin Schirdewan, Miguel Viegas
PPE	Stefan Gehrold, Brian Hayes, Gunnar Hökmark, Danuta Maria Hübner, Georgios Kyrtsos, Ivana Maletić, Gabriel Mato, Luděk Niedermayer, Dariusz Rosati, Anne Sander, Theodor Dumitru Stolojan
S&D	Hugues Bayet, Pervenche Berès, Mady Delvaux, Jonás Fernández, Neena Gill, Roberto Gualtieri, Ramón Jáuregui Atondo, Olle Ludvigsson, Costas Mavrides, Alex Mayer, Manuel dos Santos, Pedro Silva Pereira, Peter Simon, Jakob von Weizsäcker
VERTS/ALE	Sven Giegold, Philippe Lamberts, Ana Miranda, Molly Scott Cato

1	-
ENF	Marco Zanni

0	0

Key to symbols:
+ : in favour
- : against
0 : abstention