

Chapter 3

Commission Delegated Regulation (EU) 2020/1818

Article 7 Setting a decarbonisation trajectory

(1) The decarbonisation trajectory for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks shall have the following targets:

(a) for equity securities admitted to a public market in the Union or in another jurisdiction, at least 7 % reduction of GHG intensity on average per annum;

(b) for debt securities other than those issued by a sovereign issuer, where the issuer of those debt securities has equity securities admitted to a public market in the Union or in another jurisdiction, at least 7 % reduction of GHG intensity on average per annum or at least 7 % reduction of absolute GHG emissions on average per annum;

(c) for debt securities other than those issued by a sovereign issuer, where the issuer of those debt securities does not have equity securities admitted to a public market in the Union or in another jurisdiction, at least 7 % reduction of absolute GHG emissions on average per annum.

(2) The targets referred to in paragraph 1 shall be calculated geometrically, which shall mean that the annual minimum 7 % reduction of GHG intensity or of absolute GHG emissions for year "n" shall be calculated based on the GHG intensity or absolute GHG emissions for the year n-1, in a geometric progression from the base year.

(3) Where the average EVIC of the constituent securities of the benchmark has increased or decreased during the last calendar year, the EVIC of each constituent shall be adjusted by dividing it by an enterprise value inflation adjustment factor. That enterprise value inflation adjustment factor shall be calculated by dividing the average EVIC of the benchmark constituents at the end of a calendar year by the average EVIC of the benchmark constituents at the end of the previous calendar year.

(4) Administrators of EU Climate Transition Benchmarks and administrators of EU Paris-aligned Benchmarks shall, for each year in which the targets laid down in paragraph 1 are not achieved, compensate for those missed targets by upwardly adjusting the targets in their decarbonisation trajectory for the following year.

(5) Administrators of EU Climate Transition Benchmarks and administrators of EU Paris-aligned Benchmarks shall no longer be able to label their benchmarks as such where:

(a) the targets laid down in paragraph 1 are not achieved in a given year and the target miss is not compensated in the following year; or

(b) the targets laid down in paragraph 1 are not achieved on three occasions in any consecutive 10-year period.

Benchmark administrators may relabel a benchmark as an EU Climate Transition Benchmark or as an EU Paris-aligned Benchmark where that benchmark meets the decarbonisation trajectory target for two consecutive years following the loss of the label, unless that benchmark lost that label twice.