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From: Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director

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To: Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union

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Delegations will find attached document C(2023) 3851 final.

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Brussels, 27.6.2023  
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ANNEX 1

ANNEX

to the

**COMMISSION DELEGATED REGULATION (EU) .../...**

**supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control or to the protection and restoration of biodiversity and ecosystems and for determining whether that economic activity causes no significant harm to any of the other environmental objectives and amending Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities**

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## **ANNEX I**

**Technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources and for determining whether that economic activity causes no significant harm to any of the other environmental objectives**

### **1. MANUFACTURING**

#### **1.1. Manufacture, installation and associated services for leakage control technologies enabling leakage reduction and prevention in water supply systems**

##### *Description of the activity*

The economic activity manufactures, installs, or provides associated services for leakage control technologies that enable leakage reduction and prevention in water supply systems (WSSs).

The economic activities in this category could be associated with several NACE codes, in particular E36 and F42.99, in accordance with the statistical classification of economic activities established by Regulation (EC) No 1893/2006.

An economic activity in this category is an enabling activity in accordance with Article 12(1), point (e), of Regulation (EU) 2020/852 where it complies with the technical screening criteria set out in this Section.

##### *Technical screening criteria*

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Substantial contribution to the sustainable use and protection of water and marine resources

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1. The activity manufactures, installs or provides maintenance, repairs or professional services for leakage control technologies in new or existing water supply systems, aimed at controlling the pressure in district metered areas (DMAs) of the water supply system to a minimum pressure. The leakage control technologies include in particular pressure control valves, pressure transmitters, flow meters and communication devices and special civil works, including manholes to maintain the pressure control valves.

2. Environmental degradation risks related to preserving water quality and avoiding water stress are identified and addressed with the aim of achieving good water status and good ecological potential as defined in Article 2, points (22) and (23), of Regulation (EU) 2020/852, in accordance with Directive 2000/60/EC<sup>1</sup> and in line with a water use and

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<sup>1</sup> For activities in third countries, in accordance with applicable national law or international standards which pursue equivalent objectives of good water status and good ecological potential, through

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protection management plan, developed in accordance with that Directive for the potentially affected water body or bodies, in consultation with relevant stakeholders.

Where an Environmental Impact Assessment is carried out in accordance with Directive 2011/92/EU of the European Parliament and of the Council<sup>2</sup> and where that assessment contains an assessment of the impact on water in accordance with Directive 2000/60/EC, no additional assessment of impact on water is required, provided the risks identified have been addressed.

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#### Do no significant harm ('DNSH')

(1) Climate change mitigation	N/A
(2) Climate change adaptation	The activity complies with the criteria set out in Appendix A to this Annex.
(4) Transition to a circular economy	<p>The activity assesses the availability of and, where feasible, adopts techniques that support:</p> <ul style="list-style-type: none"><li>(a) reuse and use of secondary raw materials and reused components in products manufactured;</li><li>(b) design for high durability, recyclability, easy disassembly and adaptability of products manufactured;</li><li>(c) waste management that prioritises recycling over disposal, in the manufacturing process;</li><li>(d) information on and traceability of substances of concern throughout the life cycle of the manufactured products.</li></ul>
(5) Pollution prevention and control	The activity complies with the criteria set out in Appendix C to this Annex.

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equivalent procedural and substantive rules, i.e. a water use and protection management plan developed in consultation with relevant stakeholders which ensures that 1) the impact of the activities on the identified status or ecological potential of potentially affected water body or bodies is assessed and 2) deterioration or prevention of good status/ ecological potential is avoided.

<sup>2</sup> Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment (OJ L 26, 28.1.2012, p. 1).

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(6) Protection and restoration of biodiversity and ecosystems	The activity complies with the criteria set out in Appendix D to this Annex.
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## 2. WATER SUPPLY, SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES

### 2.1. Water supply

#### *Description of the activity*

Construction, extension, operation, and renewal of water collection, treatment and supply systems intended for human consumption based on the abstraction of natural resources of water from surface or ground water sources.

The economic activity includes abstraction of the water resource, necessary treatment to make the quality of water compliant with the applicable legislation and distribution to the population and food business operators in piped systems.

The economic activity does not cover irrigation and abstraction of water resources for desalination of marine or brackish water.

The economic activities in this category could be associated with several NACE codes, in particular E36.00 and F42.9, in accordance with the statistical classification of economic activities established by Regulation (EC) No 1893/2006.

#### *Technical screening criteria*

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Substantial contribution to the sustainable use and protection of water and marine resources

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1. For the operation of an existing water supply system providing water supply in a sufficient and healthy quality to consumers, and contributing to water resource efficiency, the activity complies with the following criteria:

- (a) the water supply system complies with Directive (EU) 2020/2184, Commission Implementing Decision (EU) 2022/679<sup>3</sup>, and delegated and implementing acts adopted under that Directive;
- (b) the leakage level of the system is either calculated using the Infrastructure Leakage Index (ILI)<sup>4</sup> rating method and the threshold value equals to or is lower than 2.0, or

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<sup>3</sup> Commission Implementing Decision (EU) 2022/679 of 19 January 2022 establishing a watch list of substances and compounds of concern for water intended for human consumption as provided for in Directive (EU) 2020/2184 of the European Parliament and of the Council (OJ L 124, 27.4.2022, p. 41).

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is calculated using another appropriate method and the threshold value is established in accordance with Article 4 of Directive (EU) 2020/2184. That calculation is to be applied across the extent of a specified part of a water supply (distribution) network, i.e., at water supply zone level, district metered area(s) (DMAs) or pressure managed area(s) (PMAs);

- (c) the water supply systems include metering at consumer level, where water is delivered to a contractual delivery point of the consumers' own drinking water distribution system.

2. For the construction and operation of a new water supply system, or an extension of an existing water supply system that provides water to new areas or improves that water supply to existing areas, the activity complies with the following criteria:

- (a) the water supply system complies with Directive (EU) 2020/2184, including the requirements set out in Article 13(8) of that Directive, in Implementing Decision (EU) 2022/679, and in delegated and implementing acts adopted under that Directive;
- (b) the leakage level of the new or extension system is either calculated using the Infrastructure Leakage Index (ILI) rating method and the threshold value equals to or is lower than 1.5, or is calculated using another appropriate method and the threshold value is established in accordance with Article 4 of Directive (EU) 2020/2184. That calculation is to be applied across the extent of the affected and specified part of a water supply (distribution) network where the works are carried out, i.e., at water supply zone level, district metered area(s) (DMAs) or pressure managed area(s) (PMAs);
- (c) the water supply system includes metering at consumer level, where water is delivered to a contractual delivery point of the consumers' own drinking water distribution system.

3. For renewal of existing water supply systems, the activity complies with the following criteria:

- (a) the activity closes the gap by at least 20% either between the current leakage level averaged over three years, calculated using the Infrastructure Leakage Index (ILI) rating method and an ILI of 1.5, or between the current leakage level averaged over three years, calculated using another appropriate method, and the threshold value established in accordance with Article 4 of Directive (EU) 2020/2184. The current leakage level averaged over three years is calculated across the extent of the affected and specified part of a water supply (distribution) network where the works are carried out i.e., for the renewed water supply (distribution) network at district

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<sup>4</sup> The Infrastructure Leakage Index (ILI) is calculated as current annual real losses (CARL)/unavoidable annual real losses (UARL). The current annual real losses (CARL) represent the amount of water that is actually lost from the distribution network (i.e., not delivered to final users). The unavoidable annual real losses (UARL) take into consideration that there will always be some leakage in a water distribution network. The UARL is calculated based on factors such as the length of the network, the number of service connections and the pressure at which the network is operating.

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metered area(s) (DMAs) or pressure managed area(s) (PMAs);

(b) a plan with goals and timelines for implementing metering at consumer level is issued by the water supplier and approved by the competent authorities.

4. The water supply system has received the necessary permits for water abstraction. Those abstractions are included in the register for water abstractions, in accordance with Directive 2000/60/EC. An assessment of the actual potential for abstraction has been performed, to ensure that the available groundwater resource is not exceeded by the long-term annual average rate of abstraction or that the surface water body from which water is abstracted is not prevented from achieving good ecological status and ecological potential and the abstractions do not deteriorate status or potential of those water bodies.

The operation of the water supply system does not result in a deterioration of the status of the affected water bodies, nor does it prevent the water body from achieving good status and good ecological potential in accordance with Directive 2000/60/EC<sup>5</sup>.

The information in relation to the abstractions, register of abstractions, status of water bodies and pressures and impacts on these is included in a river basin management plan, or, for activities in third countries, in an equivalent water use and protection management plan.

The activity does not involve construction of new supply systems or extensions of existing supply systems where they potentially affect one or more water bodies which are not in good status or potential for reasons related to quantity.

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#### Do no significant harm ('DNSH')

(1) Climate change mitigation	N/A
(2) Climate change adaptation	The activity complies with the criteria set out in Appendix A to this Annex.
(4) Transition to a circular economy	N/A
(5) Pollution prevention and control	N/A

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For activities in third countries, in accordance with applicable national law or international standards which pursue equivalent objectives of good water status and good ecological potential, through equivalent procedural and substantive rules, i.e. a water use and protection management plan developed in consultation with relevant stakeholders which ensures that 1) the impact of the activities on the identified status or ecological potential of potentially affected water body or bodies is assessed and 2) deterioration or prevention of good status/ecological potential is avoided.

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(6) Protection and restoration of biodiversity and ecosystems	The activity complies with the criteria set out in Appendix D to this Annex.
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## 2.2. Urban Waste Water Treatment

### *Description of the activity*

Construction, extension, upgrade, operation and renewal of urban waste water infrastructure including treatment plants, sewer networks, storm water management structures, connections to the waste water infrastructure, decentralised wastewater treatment facilities, including individual and other appropriate systems, and discharge structures for treated effluent. The activity may include innovative and advanced treatments, including the removal of micropollutants.

The economic activities in this category could be associated with several NACE codes, in particular E37.00 and F42.9, in accordance with the statistical classification of economic activities established by Regulation (EC) No 1893/2006.

### *Technical screening criteria*

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Substantial contribution to the sustainable use and protection of water and marine resources

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1. The waste water treatment system does not result in a deterioration of the good status and good ecological potential of any of the affected water bodies and it contributes significantly to the achievement of good status and potential of the affected water bodies, in accordance with Directive 2000/60/EC<sup>6</sup>.

The information related to the status of water bodies, to the activities potentially impacting the status and to the measures taken to avoid or minimize such impacts, is included in a river basin management plan, or, for activities in third countries, in an equivalent water use and protection management plan. The waste water treatment system fulfils the discharge requirements set up by the competent local authorities. The waste water treatment system also contributes to achieve or maintain the good environmental status of marine waters in accordance with Directive 2008/56/EC, where applicable.

2. The waste water treatment system has a collecting system and the provision of secondary treatment. The waste water treatment system complies with the relevant, size-specific

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<sup>6</sup> For activities in third countries, in accordance with applicable national law or international standards which pursue equivalent objectives of good water status and good ecological potential, through equivalent procedural and substantive rules, i.e. a water use and protection management plan developed in consultation with relevant stakeholders which ensures that 1) the impact of the activities on the identified status or ecological potential of potentially affected water body or bodies is assessed and 2) deterioration or prevention of good status/ecological potential is avoided.

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requirements for discharges from urban waste water treatment plants set out in Directive 91/271/EEC, in particular Articles 3 to 8 and Article 13 of that Directive and Annex I to that Directive.

3. Where the waste water treatment plant has a capacity of 100 000 population equivalent (p.e.)<sup>7</sup> or more, or of a daily inflow of a five-day biochemical oxygen demand (BOD5) load of more than 6 000 kg, it uses a sludge treatment such as anaerobic digestion or a technology with the same or a lower net energy demand (considering both energy generation and consumption), to stabilise the sludge.

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Do no significant harm ('DNSH')

(1) Climate change mitigation	<p>An assessment of the direct GHG emissions from the centralised waste water system, including collection (sewer network) and treatment, has been performed. The results are disclosed to investors and clients on demand<sup>8</sup>.</p> <p>For anaerobic digestion of sewage sludge, a monitoring plan is in place for methane leakage at the facility.</p>
(2) Climate change adaptation	<p>The activity complies with the criteria set out in Appendix A to this Annex.</p>
(4) Transition to a circular economy	<p>N/A</p>
(5) Pollution prevention and control	<p>Discharges to receiving waters meet the requirements laid down in Directive 91/271/EEC or as required by national provisions stating maximum permissible pollutant levels from discharges to receiving waters.</p> <p>Measures have been implemented to avoid and mitigate harmful storm water overflows from the waste water collection system, which may include nature-based solutions, separate storm water collection systems,</p>

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<sup>7</sup> Population equivalent (p.e.) means the organic biodegradable load having a five-day biochemical oxygen demand (BOD5) of 60 g of oxygen per day.

<sup>8</sup> For example, in line with IPCC guidelines for national GHG inventories for waste water treatment, version [adoption date] available at [https://www.ipcc-ccip.iges.or.jp/public/2019rf/pdf/5\\_Volume5/19R\\_V5\\_6\\_Ch06\\_Wastewater.pdf](https://www.ipcc-ccip.iges.or.jp/public/2019rf/pdf/5_Volume5/19R_V5_6_Ch06_Wastewater.pdf).

	retention tanks and treatment of the first flush.  Sewage sludge is used in accordance with Council Directive 86/278/EEC <sup>9</sup> or as required by national law relating to the spreading of sludge on the soil or any other application of sludge on and in the soil.
(6) Protection and restoration of biodiversity and ecosystems	The activity complies with the criteria set out in Appendix D to this Annex.

### 2.3. Sustainable urban drainage systems (SUDS)

#### *Description of the activity*

Construction, extension, operation and renewal of urban drainage systems facilities that mitigate pollution and flood hazards due to discharges of urban runoff and improve the urban water quality and quantity, by harnessing natural processes, such as infiltration and retention.

The activity includes SUDS promoting infiltration, evaporation and other stormwater treatments (including water butts, site layout and management, pervious pavements, filter drains, swales, filter strips, ponds, wetlands, soakaways, infiltration trenches and basins, green roofs, bioretention areas and stormwater pre-treatment devices, including sand filters or silt removal devices<sup>10</sup>) and other innovative systems.

The activity does not include nature-based solutions for flood and drought risk prevention and protection outside the urban environment (see Section 3.1. of this Annex).

The economic activities in this category could be associated with several NACE codes, in particular E36.00, E37.00 and F42.9 in accordance with the statistical classification of economic activities established by Regulation (EC) No 1893/2006.

#### *Technical screening criteria*

Substantial contribution to the sustainable use and protection of water and marine resources

The activity leads to a retention of rainwater in a specific area or to an improvement in water quality by complying with the following criteria:

(a) the construction and operation of the sustainable urban drainage system is integrated

<sup>9</sup> Council Directive 86/278/EEC of 12 June 1986 on the protection of the environment, and in particular of the soil, when sewage sludge is used in agriculture (OJ L 181, 4.7.1986, p. 6).

<sup>10</sup> As defined in the document JRC Publications Repository - Best Environmental Management Practice for the Public Administration Sector (europa.eu).

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in the urban drainage and waste water treatment system, as demonstrated by means of a flood risk management plan or of other relevant urban planning tools. The activity contributes substantially to achieving the good status and good ecological potential of bodies of surface water and groundwater or to preventing the deterioration of bodies of water that already have good status and good potential, and is carried out to ensure compliance with Directive 2000/60/EC<sup>11</sup> and Directive 2008/56/EC;

- (b) information is provided on the percentage of a specific area, such as a residential or commercial area, where rainwater is not directly drained but retained within the area site;
- (c) the design of the sustainable urban drainage system achieves at least one of the following effects:
  - (i) a quantified percentage of rainwater in the catchment area of the drainage system is retained and discharged with a staggered delay to the receiving water bodies;
  - (ii) a quantified percentage of pollutants, including oil, heavy metals, hazardous chemicals and microplastics, is removed from urban runoff before discharge to the receiving water bodies;
  - (iii) runoff peak flow, with a return period in line with the requirements of flood risk management plans or other local provisions in place, is reduced by a quantified percentage.

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#### Do no significant harm ('DNSH')

(1) Climate change mitigation	N/A
(2) Climate change adaptation	The activity complies with the criteria set out in Appendix A to this Annex.
(4) Transition to a circular economy	N/A

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For activities in third countries, in accordance with applicable national law or international standards which pursue equivalent objectives of good water status and good ecological potential, through equivalent procedural and substantive rules, i.e. a water use and protection management plan, developed in consultation with relevant stakeholders which ensures that 1) the impact of the activities on the identified status or ecological potential of potentially affected water body or bodies is assessed and 2) deterioration or prevention of good status/ecological potential is avoided.

(5) Pollution prevention and control	Depending on the origin of the received water and the different pollutant load, such as rainwater, rainfall run-offs from roofs, rainfall run-offs from roads, or stormwater, SUDS treat these waters before discharging or infiltrating the water into other environmental media.
(6) Protection and restoration of biodiversity and ecosystems	<p>The activity complies with the criteria set out in Appendix D to this Annex.</p> <p>The introduction of invasive alien species is prevented or their spread is managed in accordance with Regulation (EU) No 1143/2014 of the European Parliament and of the Council<sup>12</sup>.</p>

### 3. DISASTER RISK MANAGEMENT

#### 3.1. Nature-based solutions for flood and drought risk prevention and protection

##### *Description of the activity*

Planning, construction, extension, and operation of large-scale nature-based flood or drought management and coastal, transitional or inland aquatic ecosystem restoration measures contributing to preventing and protecting against flooding or droughts, and enhancing natural water retention, biodiversity and water quality.

These large-scale nature-based flood or drought management measures are applied in peri-urban, rural and coastal areas and are coordinated at river basin, regional or local, such as municipal, scale.

The economic activity includes:

- (a) river or lake related measures, including:
  - (i) riparian or floodplain vegetation development or floodplain restoration, including re-connection of a river or lake with its floodplain or off-channel/lateral connectivity improvement to restore the retention capacity of the floodplain and its ecosystem's function;
  - (ii) re-meandering river courses by creating a new meandering course or reconnecting cut-off meanders or reconnecting a lake or group of lakes to a river;

<sup>12</sup> Regulation (EU) No 1143/2014 of the European Parliament and of the Council of 22 October 2014 on the prevention and management of the introduction and spread of invasive alien species (OJ L 317, 4.11.2014, p. 35).

- (iii) restoration of the longitudinal and lateral connectivity of a river (including oxbow lakes) by removing obsolete barriers, including dams and weirs or small barriers across or along the river;
- (iv) substitution of artificial riverbank or lake shore protection with nature-based solutions for bank or bed stabilisation as measures for river or lake restoration;
- (v) measures aimed to improve the diversification of river or lake depth and width to increase habitat variety.

(b) wetland measures, including:

- (i) installation of ditches for rewetting, removal of drainage installations, replacement with installations that control the discharge, or setting back of dykes to enable flooding;
- (ii) implementation of constructed wetlands for water retention and treatment, both on land and along unvegetated water bodies, in rural and urban contexts;
- (iii) detention basins and retention ponds.

(c) coastal measures, including:

- (i) conservation or restoration of coastal wetlands including mangrove forests or seagrass beds, which operate as a natural barrier;
- (ii) measures consisting of morphological changes and the removal of barriers to minimise the need of artificial beach nourishment and enhance the conditions of coastal ecosystems, justified on the basis of a sediment balance study;
- (iii) dune reinforcement and restoration, including the planting of dune vegetation;
- (iv) coastal reef conservation or restoration;
- (v) sand nourishments in the coastal zone.

(d) river basin-wide management measures, including:

- (i) land management measures, including afforestation of reservoir catchments areas, spring or wellhead protection areas and river basin headwaters in general;
- (ii) restoration of natural infiltration for groundwater recharge by facilitating or augmenting soil retention capacity and infiltration;
- (iii) Managed Aquifer Recharge (MAR)<sup>13</sup>.

The activity does not include small scale nature-based solutions to reduce flood and drought, including green and blue solutions applied in an urban setting, such as green roofs, swales,

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<sup>13</sup> Managed Aquifer Recharge is ‘the process of intentionally recharging an aquifer with water from a different place for subsequent recovery or for environmental benefits’.

permeable surfaces and infiltration basins for urban storm water management purposes or Sustainable Urban Drainage Systems (see Section 2.3. of this Annex).

The economic activities in this category could be associated with NACE code F42.91 in accordance with the statistical classification of economic activities established by Regulation (EC) No 1893/2006.

#### *Technical screening criteria*

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Substantial contribution to the sustainable use and protection of water and marine resources

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1. The activity is a quantifiable and time bound measure to achieve the objectives for flood risk reduction in accordance with a flood risk management plan coordinated at river basin scale and developed under Directive 2007/60/EC of the European Parliament and of the Council<sup>14</sup>. In relation to drought risk reduction, the activity is a quantifiable and time bound measure to achieve the objectives of Directive 2000/60/EC in accordance with a river basin management plan, or a drought management plan which is part of a river basin management plan.

For activities in third countries, the activity is identified as a flood risk reduction or a drought risk reduction measure either in a water use and protection management plan at river basin scale or in an integrated coastal zone management plan along a coast. Those plans pursue the objectives for the management of flood and drought risks to reduce adverse consequences, where applicable for human health, the environment, cultural heritage and economic activity.

2. Environmental degradation risks related to preserving water quality and avoiding water stress and preventing deterioration of the status of the affected water bodies are identified and addressed to achieve good water status and good ecological potential as defined in Article 2, points (22) and (23), of Regulation (EU) 2020/852, in accordance with Directive 2000/60/EC, and in line with a river basin management plan, developed thereunder for the potentially affected water body or bodies, in consultation with relevant stakeholders.

Environmental degradation risks related to preserving marine environment are identified and addressed with the aim of achieving or maintaining good environmental status as defined in point 5 of Article 3 of Directive 2008/56/EC.

3. The activity includes nature restoration or conservation actions that demonstrate specific ecosystem co-benefits, which contribute to achieving good water status or potential in accordance with Directive 2000/60/EC, good environmental status in accordance with Directive 2008/56/EC, and the nature restoration and conservation targets specified in the Communication from the Commission of 20 May 2020 on ‘EU Biodiversity Strategy for 2030’<sup>15</sup>. The activity contains clear and binding targets on nature restoration or conservation

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<sup>14</sup> Directive 2007/60/EC of the European Parliament and of the Council of 23 October 2007 on the assessment and management of flood risks (OJ L 288, 6.11.2007, p. 27–34).

<sup>15</sup> Communication from the Commission of 20 May 2020 to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions EU Biodiversity Strategy for 2030 Bringing nature back into our lives, COM/2020/380 final.

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over a clearly defined timeframe and describes measures to achieve those targets. Local stakeholders are involved from the outset in the planning and design phase. The activity is based on the principles outlined by the IUCN Global Standard for nature-based solutions.

For activities in third countries, the activity takes into account National Biodiversity Strategies and Action Plans for the setting of nature conservation and restoration targets and for the description of the measures to achieve these targets.

4. A monitoring programme is in place to evaluate the effectiveness of a nature-based solution scheme in improving the status of the affected water body, achieving the conservation and restoration targets and in adapting to changing climate conditions. The programme is reviewed following the periodic approach of the river basin management plans (including drought management plans, where relevant) and the flood risk management plans.

For activities in third countries, the programme is reviewed at least once per programming period and in any case every 10 years. The programme adheres to and aligns with the prevailing legal and regulatory provisions, being clear on where legal responsibilities and liabilities lie. The programme actively engages local communities and other affected stakeholders.

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#### Do no significant harm ('DNSH')

(1) Climate change mitigation	The activity does not involve the degradation of land and marine environment with high carbon stock <sup>16</sup> .
(2) Climate change adaptation	The activity complies with the criteria set out in Appendix A to this Annex.
(4) Transition to a circular economy	Operators limit waste generation in processes related to construction and demolition and take into account best available techniques. At least 70 % (by weight) of the non-hazardous construction and demolition waste (excluding naturally occurring material referred to in category 17 05 04 in the European List of Waste established by Decision 2000/532/EC) generated on the construction site is prepared for reuse, recycling and other material recovery, including backfilling operations using waste to substitute other materials, in accordance with the waste

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<sup>16</sup> Land with high-carbon stock means wetlands, including peatland, and continuously forested areas within the meaning of Article 29(4)(a), (b) and (c) of Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (OJ L 328, 21.12.2018, p. 82-209).

	<p>hierarchy and the EU Construction and Demolition Waste Management Protocol<sup>17</sup>. Operators use selective demolition to enable removal and safe handling of hazardous substances and facilitate reuse and high-quality recycling.</p>
(5) Pollution prevention and control	<p>The use of pesticides is minimised and alternative approaches or techniques, which may include non-chemical alternatives to pesticides, are favoured, in accordance with Directive 2009/128/EC of the European Parliament and of the Council<sup>18</sup>, with exception of occasions where the use of pesticides is needed to control outbreaks of pest and diseases. The activity minimises the use of fertilisers and does not use manure.</p>
(6) Protection and restoration of biodiversity and ecosystems	<p>The activity complies with the criteria set out in Appendix D to this Annex.</p> <p>In addition, the following is to be ensured:</p> <ul style="list-style-type: none"> <li>(a) in the EU, in relation with Natura 2000 sites: the activity does not have significant effects on Natura 2000 sites in view of their conservation objectives on the basis of an appropriate assessment carried out in accordance with Article 6(3) of Council Directive 92/43/EEC<sup>19</sup>;</li> <li>(b) in the EU, in any area: the activity is not detrimental to the recovery or maintenance of the populations of species protected under Directive 92/43/EEC and Directive 2009/147/EC of the European Parliament and of the Council<sup>20</sup> at a favourable conservation status. The activity is also not detrimental to the recovery or maintenance of the habitat types concerned and protected under Directive 92/43/EEC at a favourable conservation status;</li> <li>(c) in the EU, the introduction of invasive alien species is prevented, or their spread is managed in accordance with Regulation (EU) No 1143/2014;</li> <li>(d) outside of the EU, activities are conducted in accordance with applicable law related to the conservation of habitats, species</li> </ul>

<sup>17</sup> EU Construction & Demolition Waste Management Protocol, September 2016: <https://ec.europa.eu/docsroom/documents/20509/>.

<sup>18</sup> Directive 2009/128/EC of the European Parliament and of the Council of 21 October 2009 establishing a framework for Community action to achieve the sustainable use of pesticides (OJ L 309, 24.11.2009, p. 71).

<sup>19</sup> Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L 206, 22.7.1992, p. 7).

<sup>20</sup> Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds (OJ L 20, 26.1.2010, p. 7).

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	and the management of invasive alien species.
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#### **4. INFORMATION AND COMMUNICATION**

##### **4.1. Provision of IT/OT data-driven solutions for leakage reduction**

###### *Description of the activity*

The activity manufactures, develops, installs, deploys, maintains, repairs or provides professional services, including technical consulting for design or monitoring, for information technology (IT) or operational technology (OT) data driven solutions<sup>21</sup> to control, manage, reduce and mitigate leakage in water supply systems (WSSs).

The economic activities in this category could be associated with several NACE codes, in particular E36, F42.99 and J62 in accordance with the statistical classification of economic activities established by Regulation (EC) No 1893/2006.

An economic activity in this category is an enabling activity in accordance with Article 12(1), point (e), of Regulation (EU) 2020/852 where it complies with the technical screening criteria set out in this Section.

###### *Technical screening criteria*

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Substantial contribution to the sustainable use and protection of water and marine resources

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1. The economic activity manufactures, develops, installs, deploys, maintains, repairs or provides professional services, including technical consulting for design or monitoring, to one or more of the following IT/OT data-driven solutions to control, manage, reduce and mitigate leakage in the new or existing water supply systems:

- (a) monitoring systems including holistic IT/OT suites/tools, or add-ons/extensions to such tools that provide identification, tracking and tracing water leakage;
- (b) IT/OT solutions, or add-ons/extensions to such tools, that provide controlling, managing and mitigating water leakage;
- (c) IT/OT solutions, or add-ons/extensions to such tools, that ensure interoperability of systems in district metered areas when new monitoring systems or IT/OT solutions

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<sup>21</sup> 'IT or OT data-driven solutions' include connectable products, sensors, analytics and other software, and information and communication technologies (ICT) for the transmission, storage and display of data and system management.

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are installed.

2. Environmental degradation risks related to preserving water quality and avoiding water stress are identified and addressed to achieve good water status and good ecological potential as defined in Article 2, points (22) and (23), of Regulation (EU) 2020/852, in accordance with Directive 2000/60/EC<sup>22</sup> and in line with a water use and protection management plan, developed thereunder for the potentially affected water body or bodies, in consultation with relevant stakeholders.

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Do no significant harm ('DNSH')

(1) Climate change mitigation	N/A
(2) Climate change adaptation	The activity complies with the criteria set out in Appendix A to this Annex.
(4) Transition to a circular economy	<p>Measures are in place to manage and recycle waste at the end-of life, including through decommissioning contractual agreements with recycling service providers, reflection in financial projections or official project documentation. These measures ensure that components and materials are segregated and treated to maximise recycling and reuse in accordance with the waste hierarchy, EU waste regulation principles and applicable regulations, in particular through the reuse and recycling of batteries and electronics and the critical raw materials therein. These measures also include the control and management of hazardous materials.</p> <p>Preparation for re-use, recovery or recycling operations, or proper treatment, including the removal of all fluids and a selective treatment are performed in accordance with Annex VII to Directive 2012/19/EU of the European Parliament and of the Council<sup>23</sup>.</p>

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<sup>22</sup> For activities in third countries, in accordance with applicable national law or international standards which pursue equivalent objectives of good water status and good ecological potential, through equivalent procedural and substantive rules, i.e. a water use and protection management plan developed in consultation with relevant stakeholders which ensures that 1) the impact of the activities on the identified status or ecological potential of potentially affected water body or bodies is assessed and 2) deterioration or prevention of good status/ ecological potential is avoided.

<sup>23</sup> Directive 2012/19/EU of the European Parliament and of the Council of 4 July 2012 on waste electrical and electronic equipment (WEEE) (recast) (OJ L 197, 24.7.2012, p. 38).

(5) Pollution prevention and control	<p>The equipment used meets the requirements laid down in Directive 2009/125/EC of the European Parliament and of the Council<sup>24</sup> for servers and data storage products.</p> <p>The equipment used does not contain the restricted substances listed in Annex II to Directive 2011/65/EU of the European Parliament and of the Council<sup>25</sup>, except where the concentration values by weight in homogeneous materials do not exceed the maximum values listed in that Annex.</p>
(6) Protection and restoration of biodiversity and ecosystems	N/A

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<sup>24</sup> Directive 2009/125/EC of the European Parliament and of the Council of 21 October 2009 establishing a framework for the setting of ecodesign requirements for energy-related products (recast) (OJ L 285, 31.10.2009, p. 10).

<sup>25</sup> Directive 2011/65/EU of the European Parliament and of the Council of 8 June 2011 on the restriction of the use of certain hazardous substances in electrical and electronic equipment. (OJ L 174, 1.7.2011, p. 88).

## APPENDIX A: GENERIC CRITERIA FOR DNSH TO CLIMATE CHANGE ADAPTATION

### I. Criteria

The physical climate risks that are material to the activity have been identified from those listed in the table in Section II of this Appendix by performing a robust climate risk and vulnerability assessment with the following steps:

- (a) screening of the activity to identify which physical climate risks from the list in Section II of this Appendix may affect the performance of the economic activity during its expected lifetime;
- (b) where the activity is assessed to be at risk from one or more of the physical climate risks listed in Section II of this Appendix, a climate risk and vulnerability assessment to assess the materiality of the physical climate risks on the economic activity;
- (c) an assessment of adaptation solutions that can reduce the identified physical climate risk.

The climate risk and vulnerability assessment is proportionate to the scale of the activity and its expected lifespan, such that:

- (a) for activities with an expected lifespan of less than 10 years, the assessment is performed, at least by using climate projections at the smallest appropriate scale;
- (b) for all other activities, the assessment is performed using the highest available resolution, state-of-the-art climate projections across the existing range of future scenarios<sup>26</sup> consistent with the expected lifetime of the activity, including, at least, 10 to 30 year climate projections scenarios for major investments.

The climate projections and assessment of impacts are based on best practice and available guidance and take into account the state-of-the-art science for vulnerability and risk analysis and related methodologies in line with the most recent Intergovernmental Panel on Climate Change reports<sup>27</sup>, scientific peer-reviewed publications, and open source<sup>28</sup> or paying models.

<sup>26</sup> Future scenarios include Intergovernmental Panel on Climate Change representative concentration pathways RCP2.6, RCP4.5, RCP6.0 and RCP8.5.

<sup>27</sup> Assessments Reports on Climate Change: Impacts, Adaptation and Vulnerability, published periodically by the Intergovernmental Panel on Climate Change (IPCC), the United Nations body for assessing the science related to climate change produces, <https://www.ipcc.ch/reports/>.

For existing activities and new activities using existing physical assets, the economic operator implements physical and non-physical solutions ('adaptation solutions'), over a period of time of up to five years, that reduce the most important identified physical climate risks that are material to that activity. An adaptation plan for the implementation of those solutions is drawn up accordingly.

For new activities and existing activities using newly-built physical assets, the economic operator integrates the adaptation solutions that reduce the most important identified physical climate risks that are material to that activity at the time of design and construction and has implemented them before the start of operations.

The adaptation solutions implemented do not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of cultural heritage, of assets and of other economic activities; are consistent with local, sectoral, regional or national adaptation strategies and plans; and consider the use of nature-based solutions<sup>29</sup> or rely on blue or green infrastructure<sup>30</sup> to the extent possible.

## II. Classification of climate-related hazards<sup>31</sup>

	Temperature-related	Wind-related	Water-related	Solid mass-related
Chronic	Changing temperature (air, freshwater, marine water)	Changing wind patterns	Changing precipitation patterns and types (rain, hail, snow/ice)	Coastal erosion
	Heat stress		Precipitation or hydrological variability	Soil degradation
	Temperature variability		Ocean acidification	Soil erosion
	Permafrost thawing		Saline intrusion	Solifluction

<sup>28</sup> Such as Copernicus services managed by the European Commission.

<sup>29</sup> Nature-based solutions are defined as 'solutions that are inspired and supported by nature, which are cost-effective, simultaneously provide environmental, social and economic benefits and help build resilience. Such solutions bring more, and more diverse, nature and natural features and processes into cities, landscapes and seascapes, through locally adapted, resource-efficient and systemic interventions'. Therefore, nature-based solutions benefit biodiversity and support the delivery of a range of ecosystem services. (version of [adoption date]: <https://ec.europa.eu/research/environment/index.cfm?pg=nbs> ).

<sup>30</sup> See Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Green Infrastructure (GI) — Enhancing Europe's Natural Capital (COM/2013/0249 final).

<sup>31</sup> The list of climate-related hazards in this table is non-exhaustive, and constitutes only an indicative list of most widespread hazards that are to be taken into account as a minimum in the climate risk and vulnerability assessment.

			Sea level rise	
			Water stress	
<b>Acute</b>	Heat wave	Cyclone, hurricane, typhoon	Drought	Avalanche
	Cold wave/frost	Storm (including blizzards, dust and sandstorms)	Heavy precipitation (rain, hail, snow/ice)	Landslide
	Wildfire	Tornado	Flood (coastal, fluvial, pluvial, ground water)	Subsidence
			Glacial lake outburst	

## **APPENDIX C: GENERIC CRITERIA FOR DNSH TO POLLUTION PREVENTION AND CONTROL REGARDING USE AND PRESENCE OF CHEMICALS**

The activity does not lead to the manufacture, placing on the market or use of:

- (a) substances, whether on their own, in mixtures or in articles, listed in Annexes I or II to Regulation (EU) 2019/1021 of the European Parliament and of the Council<sup>32</sup>, except in the case of substances present as an unintentional trace contaminant;
- (b) mercury and mercury compounds, their mixtures and mercury-added products as defined in Article 2 of Regulation (EU) 2017/852 of the European Parliament and of the Council<sup>33</sup>;
- (c) substances, whether on their own, in mixture or in articles, listed in Annexes I or II to Regulation (EC) No 1005/2009 of the European Parliament and of the Council<sup>34</sup>;
- (d) substances, whether on their own, in mixtures or in articles, listed in Annex II to Directive 2011/65/EU, except where there is full compliance with Article 4(1) of that Directive;
- (e) substances, whether on their own, in mixtures or in an article, listed in Annex XVII to Regulation (EC) No 1907/2006 of the European Parliament and of the Council<sup>35</sup>, except where there is full compliance with the conditions specified in that Annex;
- (f) substances, whether on their own, or in mixtures or in an article, in a concentration above 0,1% weight by weight (w/w), and meeting the criteria laid down in Article 57 of Regulation (EC) No 1907/2006 and that were identified in accordance with Article 59(1) of that Regulation for a period of at least 18 months, except if it is assessed and documented by the

<sup>32</sup> Regulation (EU) 2019/1021 of the European Parliament and of the Council of 20 June 2019 on persistent organic pollutants (OJ L 169, 25.6.2019, p. 45).

<sup>33</sup> Regulation (EU) 2017/852 of the European Parliament and of the Council of 17 May 2017 on mercury, and repealing Regulation (EC) No 1102/2008 (OJ L 137, 24.5.2017, p. 1).

<sup>34</sup> Regulation (EC) No 1005/2009 of the European Parliament and of the Council of 16 September 2009 on substances that deplete the ozone layer (OJ L 286, 31.10.2009, p. 1).

<sup>35</sup> Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), establishing a European Chemicals Agency, amending Directive 1999/45/EC and repealing Council Regulation (EEC) No 793/93 and Commission Regulation (EC) No 1488/94 as well as Council Directive 76/769/EEC and Commission Directives 91/155/EEC, 93/67/EEC, 93/105/EC and 2000/21/EC. (OJ L 396, 30.12.2006, p. 1).

operators that no other suitable alternative substances or technologies are available on the market, and that they are used under controlled conditions<sup>36</sup>.

In addition, the activity does not lead to the manufacture, presence in the final product or output, or placing on the market, of other substances, whether on their own, or in mixtures or in an article, in a concentration above 0,1% weight by weight (w/w), that meet the criteria of Regulation (EC) No 1272/2008 for one of the hazard classes or hazard categories mentioned in Article 57 of Regulation (EC) No 1907/2006, except if it is assessed and documented by the operators that no other suitable alternative substances or technologies are available on the market, and that they are used under controlled conditions<sup>37</sup>.

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<sup>36</sup> The Commission will review the exceptions from the prohibition from manufacturing, placing on the market or use of the substances referred to in point (f) once it will have published horizontal principles on essential use of chemicals.

<sup>37</sup> The Commission will review the exceptions from the prohibition from manufacture, presence in the final product or output, or placing on the market of the substances referred to in this paragraph once it will have published horizontal principles on essential use of chemicals.

## APPENDIX D: GENERIC CRITERIA FOR DNSH TO PROTECTION AND RESTORATION OF BIODIVERSITY AND ECOSYSTEMS

An Environmental Impact Assessment (EIA) or screening<sup>38</sup> has been completed in accordance with Directive 2011/92/EU<sup>39</sup>.

Where an EIA has been carried out, the required mitigation and compensation measures for protecting the environment are implemented.

For sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas), an appropriate assessment<sup>40</sup>, where applicable, has been conducted and based on its conclusions the necessary mitigation measures<sup>41</sup> are implemented.

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<sup>38</sup> The procedure through which the competent authority determines whether projects listed in Annex II to Directive 2011/92/EU is to be made subject to an environmental impact assessment (as referred to in Article 4(2) of that Directive).

<sup>39</sup> For activities in third countries, in accordance with equivalent applicable national law or international standards requiring the completion of an EIA or screening, for example, IFC Performance Standard 1: Assessment and Management of Environmental and Social Risks.

<sup>40</sup> In accordance with Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds (OJ L 20, 26.1.2010, p. 7) and Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L 206, 22.7.1992, p. 7). For activities located in third countries, in accordance with equivalent applicable national law or international standards, that aim at the conservation of natural habitats, wild fauna and wild flora, and that require to carry out (1) a screening procedure to determine whether, for a given activity, an appropriate assessment of the possible impacts on protected habitats and species is needed; (2) such an appropriate assessment where the screening determines that it is needed, for example IFC Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources.

<sup>41</sup> Those measures have been identified to ensure that the project, plan or activity will not have any significant effects on the conservation objectives of the protected area.