

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (Text with EEA relevance)

CHAPTER I

**SUBJECT MATTER, SCOPE AND DEFINITIONS**

*Article 1*

**Subject matter and scope**

1 This Regulation establishes the criteria for determining whether an economic activity qualifies as environmentally sustainable for the purposes of establishing the degree to which an investment is environmentally sustainable.

<sup>F1</sup>2 .....

**Textual Amendments**

**F1** Art. 1(2) omitted (31.12.2020) by virtue of [The Securities Financing Transactions, Securitisation and Miscellaneous Amendments \(EU Exit\) Regulations 2020 \(S.I. 2020/1385\)](#), regs. 1(3), **78(2)**

*Article 2*

**Definitions**

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

- (1) ‘environmentally sustainable investment’ means an investment in one or several economic activities that qualify as environmentally sustainable under this Regulation;
- (2) <sup>F2</sup> ...
- (3) <sup>F2</sup> ...
- (4) <sup>F2</sup> ...
- (5) ‘climate change mitigation’ means the process of holding the increase in the global average temperature to well below 2 °C and pursuing efforts to limit it to 1,5 °C above pre-industrial levels, as laid down in the Paris Agreement;
- (6) ‘climate change adaptation’ means the process of adjustment to actual and expected climate change and its impacts;
- (7) [<sup>F3</sup>“greenhouse gas” has the meaning given in section 92 of the Climate Change Act 2008.]
- (8) [<sup>F4</sup>“waste hierarchy” has the meaning—
  - (a) in England and Wales, given in regulation 12 of the Waste (England and Wales) Regulations 2011;

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- (b) in Northern Ireland, given in regulation 9(1) of the Waste (Northern Ireland) Regulations 2011;
  - (c) in Scotland, given in section 34(2A) of the Environmental Protection Act 1990.]
- (9) ‘circular economy’ means an economic system whereby the value of products, materials and other resources in the economy is maintained for as long as possible, enhancing their efficient use in production and consumption, thereby reducing the environmental impact of their use, minimising waste and the release of hazardous substances at all stages of their life cycle, including through the application of the waste hierarchy;
- (10) ‘pollutant’ means a substance, vibration, heat, noise, light or other contaminant present in air, water or land which may be harmful to human health or the environment, which may result in damage to material property, or which may impair or interfere with amenities and other legitimate uses of the environment;
- (11) ‘soil’ means the top layer of the Earth’s crust situated between the bedrock and the surface, which is composed of mineral particles, organic matter, water, air and living organisms;
- (12) [<sup>F5</sup>“pollution” means—
- (a) the direct or indirect introduction of pollutants into air, water or land as a result of human activity;
  - (b) in the context of the marine environment, pollution as defined in Part 2 of Schedule 1 to the Marine Strategy Regulations 2010;
  - (c) in the context of the water environment—
    - (i) in England and Wales, pollution as defined in paragraph 1(2) of Schedule 1 to the Water Environment (Water Framework Directive) (England and Wales) Regulations 2017;
    - (ii) in Northern Ireland, pollution as defined in paragraph 1(2) of Schedule 1 to the Water Environment (Water Framework Directive) (Northern Ireland) Regulations 2017;
    - (iii) in Scotland, pollution as defined in regulation 20(6) of the Water Environment and Water Services (Scotland) Act 2003.]
- (13) ‘ecosystem’ means a dynamic complex of plant, animal, and micro-organism communities and their non-living environment interacting as a functional unit;
- (14) ‘ecosystem services’ means the direct and indirect contributions of ecosystems to the economic, social, cultural and other benefits that people derive from those ecosystems;
- (15) ‘biodiversity’ means the variability among living organisms arising from all sources including terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part and includes diversity within species, between species and of ecosystems;
- (16) ‘good condition’ means, in relation to an ecosystem, that the ecosystem is in good physical, chemical and biological condition or of a good physical, chemical

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- and biological quality with self-reproduction or self-restoration capability, in which species composition, ecosystem structure and ecological functions are not impaired;
- (17) ‘energy efficiency’ means the more efficient use of energy at all the stages of the energy chain from production to final consumption;
- (18) [<sup>F6</sup>“marine waters” means marine waters as defined in regulation 3(3) of the Marine Strategy Regulations 2010.]
- (19) [<sup>F7</sup>“surface water” has the meaning—
- (a) in England and Wales, given in paragraph 1(2) of Schedule 1 to the Water Environment (Water Framework Directive) (England and Wales) Regulations 2017;
  - (b) in Northern Ireland, given in paragraph 1(2) of Schedule 1 to the Water Environment (Water Framework Directive) (Northern Ireland) Regulations 2017;
  - (c) in Scotland, given in regulation 3(3) of the Water Environment and Water Services (Scotland) Act 2003.]
- (20) [<sup>F8</sup>“groundwater” has the meaning—
- (a) in England and Wales, given in paragraph 1(2) of Schedule 1 to the Water Environment (Water Framework Directive) (England and Wales) Regulations 2017;
  - (b) in Northern Ireland, given in paragraph 1(2) of Schedule 1 to the Water Environment (Water Framework Directive) (Northern Ireland) Regulations 2017;
  - (c) in Scotland, given in regulation 3(4) of the Water Environment and Water Services (Scotland) Act 2003.]
- (21) [<sup>F9</sup>“good environmental status” has the meaning given in Part 2 of Schedule 1 to the Marine Strategy Regulations 2010.]
- (22) [<sup>F10</sup>“good status” has the meaning—
- (a) for surface water—
    - (i) in England and Wales, of having both “good ecological status” and “good surface water chemical status”, as defined in paragraph 1(2) of Schedule 1 to the Water Environment (Water Framework Directive) (England and Wales) Regulations 2017;
    - (ii) in Northern Ireland, of having both “good ecological status” and “good surface water chemical status”, as defined in paragraph 1(2) of Schedule 1 to the Water Environment (Water Framework Directive) (Northern Ireland) Regulations 2017;
    - (iii) in Scotland, of having both “good ecological status”, as defined in paragraph 3(2)(b) of Part B of Schedule 1 to the Scotland River Basin District (Status) Directions 2014, and “good surface water chemical status”, as defined in paragraph 5(2)(a) of Part C of Schedule 1 to the Scotland River Basin District (Status) Directions 2014;

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- (b) for groundwater—
- (i) in England and Wales, of having both “good groundwater status” and “good quantitative status”, as defined in paragraph 1(2) of Schedule 1 to the Water Environment (Water Framework Directive) (England and Wales) Regulations 2017;
  - (ii) in Northern Ireland, of having both “good groundwater status” and “good quantitative status”, as defined in paragraph 1(2) of Schedule 1 to the Water Environment (Water Framework Directive) (Northern Ireland) Regulations 2017;
  - (iii) in Scotland, of having both “good groundwater chemical status”, as defined in paragraph 2(2) of Part B of Schedule 4 to the Scotland River Basin District (Status) Directions 2014, and “good quantitative status”, as defined in paragraph 3(2) of Part C of Schedule 4 to the Scotland River Basin District (Status) Directions 2014.]
- (23) [F11“good ecological potential” has the meaning—
- (a) in England and Wales, given in paragraph 1(2) of Schedule 1 to the Water Environment (Water Framework Directive) (England and Wales) Regulations 2017;
  - (b) in Northern Ireland, given in paragraph 1(2) of Schedule 1 to the Water Environment (Water Framework Directive) (Northern Ireland) Regulations 2017;
  - (c) in Scotland, given in paragraph 2(b) of Part B of Schedule 2 to the Scotland River Basin District (Status) Directions 2014.]

#### Textual Amendments

- F2** Art. 2(2)-(4) omitted (31.12.2020) by virtue of The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 (S.I. 2020/1385), regs. 1(3), **78(3)(a)**
- F3** Art. 2(7) substituted (31.12.2020) by The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 (S.I. 2020/1385), regs. 1(3), **78(3)(b)**
- F4** Art. 2(8) substituted (31.12.2020) by The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 (S.I. 2020/1385), regs. 1(3), **78(3)(c)**
- F5** Art. 2(12) substituted (31.12.2020) by The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 (S.I. 2020/1385), regs. 1(3), **78(3)(d)**
- F6** Art. 2(18) substituted (31.12.2020) by The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 (S.I. 2020/1385), regs. 1(3), **78(3)(e)**
- F7** Art. 2(19) substituted (31.12.2020) by The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 (S.I. 2020/1385), regs. 1(3), **78(3)(f)**
- F8** Art. 2(20) substituted (31.12.2020) by The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 (S.I. 2020/1385), regs. 1(3), **78(3)(g)**
- F9** Art. 2(21) substituted (31.12.2020) by The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 (S.I. 2020/1385), regs. 1(3), **78(3)(h)**
- F10** Art. 2(22) substituted (31.12.2020) by The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 (S.I. 2020/1385), regs. 1(3), **78(3)(i)**
- F11** Art. 2(23) substituted (31.12.2020) by The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 (S.I. 2020/1385), regs. 1(3), **78(3)(j)**

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