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Commission services non-paper on the ‘Do No Significant Harm’ (DNSH) guidance for the Multiannual Financial Framework 2028-2034

This non-paper outlines the Commission’s approach to develop a single DNSH guidance for the next MFF. Building on this non-paper, a targeted consultation will take place during the summer.

Article 33(2)(d) of the Financial Regulation sets out that the “programmes and activities shall, **where feasible and appropriate** in accordance with the relevant sector-specific rules, be implemented to achieve their set objectives without doing significant harm to the environmental objectives [...] as set out in Article 9 of Regulation (EU) 2020/852”¹. This requirement is part of the overarching principle of **sound financial management** and performance, and subject to the principles of **economy, efficiency and effectiveness**, set out in Article 33(1).

Article 33(2)(d) is operationalised by the proposed Regulation of the European Parliament and of the Council establishing a budget expenditure tracking and performance framework and other horizontal rules for the Union programmes and activities (COM/2025/545 final) (hereinafter ‘proposed Performance Regulation’).

Article 5 of the proposed Performance Regulation sets out that the **Commission is to issue a simple and single guidance** on the application of the **Do No Significant Harm (DNSH)** principle. Recital (5) further specifies that the Commission should provide this guidance by 1 January 2027².

The DNSH principle should also take into account the need to **achieve the objectives of the relevant programmes or instruments**, avoiding duplication with requirements under existing EU law, and **consider the administrative and reporting burden** on authorities and beneficiaries, as also outlined in the same Article.

The above provisions task the Commission with delivering a single and simple technical guidance. **This non-paper aims to provide clarity on the Commission’s envisaged approach, including**

¹ Those environmental objectives are: climate change mitigation, climate change adaptation, the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems.

² In line with Article 3 of the Commission’s proposal for a Common Agriculture Policy Regulation for 2028-2034, support subject to the farm stewardship conditions shall be considered compliant with the DNSH principle.

the envisaged scope of the DNSH guidance. The Commission intends to carry out a targeted consultation in Q3 2026, building on the approach outlined in this non-paper³.

The Commission aims to coherently apply the DNSH principle, while at the same time achieving significant simplification compared to the previous programming period as follows:

- By providing *a single set of DNSH criteria applicable to the entire EU budget*. This unicity, mandated by Article 5 of the proposed Performance Regulation, will result in significant simplification. It will consolidate the multiple approaches followed so far, which frequently applied **different** criteria for similar activities – in particular under the Recovery and Resilience Facility, the Social Climate Fund, InvestEU and the Cohesion policy funds.
- By applying the criteria of *feasibility and appropriateness* set out in Article 33(2)(d) of the Financial Regulation and Article 5(3) of the proposed Performance Regulation.
- By applying the *other principles and criteria set out in Article 5* of the proposed Performance Regulation: the **need to achieve the objectives of the relevant programmes in line with the Union’s policy priorities**, the **high levels of environmental protection under existing EU law**, the **need to avoid duplication with existing requirements under Union law**, the administrative and reporting burden on authorities and beneficiaries and the principle of proportionality.

Section 1 presents how the Commission intends to apply the general principles and criteria referred to in the Financial Regulation and in Article 5 of the proposed Performance Regulation. Section 2 presents the limited number of assessment criteria in specific sectors (‘specific criteria’ as referred to in Article 5(2)) that the Commission envisages to set out in the single guidance, considering also the above general principles and criteria. Finally, Section 3 refers to how DNSH criteria may be operationalised depending on the management mode of each fund.

1. General principles applicable to the DNSH approach

A. Reduced administrative burden and proportionality

As stated in Article 5 of the proposed Performance Regulation, **the DNSH guidance shall take into account:**

- *“The need to achieve the set objectives of the relevant programmes or instruments in line with the Union’s policy priorities”*: The DNSH criteria (set out in Section 2 below) have been developed to ensure that they are compatible with achieving the objectives of the relevant programmes or instruments, and that EU funding supports the Union’s strategic objectives,

³ The Commission carried out a call for evidence from 4 March to 1 April 2026 and a technical workshop with Member States’ experts on 5 March and 18-19 May 2026.

such as supporting a highly competitive social market economy, making a success of the green and digital transitions, and promoting an innovative environment.

- *“The need to avoid duplication with requirements under existing EU legislation, [and] the high levels of protection to human health and the environment provided”*: The DNSH guidance will take as starting point the high levels of protection to human health and the environment provided by existing EU legislation. To ensure sound financial management rather than replicating existing legal requirements, the DNSH guidance focuses only on areas where the use of EU funds should be subject to additional safeguards. This leads to a significantly streamlined guidance compared to the previous programming period.
- *“The administrative and reporting burden on authorities and beneficiaries”*: The guidance must set criteria that are easy to verify and that do not result in disproportionate burdens for implementing authorities and beneficiaries. This implies that the guidance should consist of a limited, clear and precise set of criteria allowing to identify the activities that do significant harm, accompanied by clear, pre-defined exemptions. This approach will provide greater certainty, compared to the current situation where duplicative criteria are set, typically after the programmes were designed, or complex self-assessments were required.⁴

The DNSH guidance will link specific DNSH criteria directly to intervention fields. The specific criteria would only be applicable to a limited set of activities that are considered doing significant harm, while the rest are considered to not be significantly harmful.

The proposed Performance Regulation also requires that **proportionality shall be ensured**, in particular in relation to the following aspects: (1) the size of an activity, (2) its climate and environmental impacts, and (3) the territorial characteristics of where the activity takes place, (4) including third countries.

The consideration of these elements will lead to a DNSH guidance that:

- **Contains a limited number of targeted general principles and criteria** to avoid significant harm that would be detrimental to the sound financial management of the budget (1), with different approaches according to the characteristics of the activity and considering its size (2).
- **Sets out a differentiated approach for certain territories**, such as targeted exceptions for outermost regions (3) and a separate set of DNSH criteria adapted to the operation of EU funds in third countries (4).

Furthermore, in application of the proportionality principle and to limit administrative burden, **certain activities, because of their nature or scope, will be covered by a specific approach.**

⁴ In the same vein, the guidance will also clarify that an activity that complies with the technical screening criteria for substantial contribution and do no significant harm under an EU Taxonomy delegated act would be considered compliant with the do no significant harm principle under the next MFF. This reflects the high environmental standard set out in the taxonomy and the aim to reduce administrative burden for companies that are already taxonomy aligned.

For instance, for financial instruments and budgetary guarantees, where the application of the DNSH principle can be operationally challenging, in particular for general purpose financing, such as equity-type products and working capital, a dedicated and simple approach to apply DNSH will be developed.

Measures providing direct income interventions, including to households and to small farmers not subject to the farm stewardship conditions, where payments are not linked to any specific project or investment, would be considered to comply with the DNSH principle in light of the relatively small amounts concerned.

B. Where feasible or appropriate

The Financial Regulation provides for the application of the DNSH principle only where feasible and appropriate. To that effect, Article 5(3) of the proposed Performance Regulation contains a non-exhaustive list of situations where the application of the DNSH principle is **not feasible or appropriate**, such as crisis situations, other reasons of overriding public interest, and defence and security. In line with Article 5(3) of the proposed Performance Regulation, the guidance will not preclude the Commission from exceptionally considering that it is not feasible or appropriate to apply the DNSH principle to certain duly justified cases, notably because it would impede achieving the objectives of the programmes or instruments under the MFF or, more generally, the Union's policy priorities. The DNSH guidance could define the situations in Article 5(3) as follows:

- ***Crisis situations***

The definition of 'crisis' could follow the one in Article 2(22) of the Financial Regulation recast, which encompasses among others natural disasters, man-made crises, as well as other extraordinary circumstances. It also includes a situation of immediate or imminent danger threatening to escalate into an armed conflict or to destabilise a country or its neighbourhood, which is currently of particular relevance for the eastern border regions. This carve out would be applicable to all intervention fields where there is sufficient link with the crisis situation, based on appropriate justifications.

- ***Overriding public interest***

Reasons of overriding public interest (ROPI) could be defined based on the relevant provisions regarding ROPI that exist in EU environmental legislation (e.g. Habitats Directive, Birds Directive, Water Framework Directive) where this derogation is typically subject to clear conditions, including compensatory measures. Under these acts, provided these conditions are met, Member States can invoke ROPI to derogate from their related environmental obligations, which would then also imply a derogation from DNSH criteria applicable to the relevant intervention field.

- ***Defence and security***

Intervention fields that are related to defence and security would be identified in the DNSH guidance and exempted from the application of the DNSH principle. This would concern for instance intervention fields 323 – *supporting European integrated border management*; 388 – *participation in international peacekeeping operations*; 399 – *supporting the strengthening of Member States’ capabilities in relation to preventing and combating crime, terrorism and radicalisation, as well as managing security*; 404 – *defence industrial scale-up and resilience*, 405 – *collaborative defence procurement*; and 406 – *military mobility*.

In this context, dual-use (civilian and military) activities that cannot be linked to an intervention field for defence and security would be exempted from the DNSH principle if they are intended to be used for a military or defence purpose. This purpose should be present from the beginning of the programming and be credible and demonstrable. The guidance would provide adequate safeguards and concrete examples of how this purpose could be demonstrated (e.g. road infrastructure should comply with the technical requirements for military mobility enshrined in EU legislation and be part of the EU military mobility network).

Application of the ‘where feasible and appropriate’ principle

In line with article 13(2) of the proposed Performance Regulation, for plans implemented by Member States, in case of an activity where the application of the ‘do no significant harm’ principle may not be feasible or appropriate, each **Member State shall provide a justification** in line with the DNSH guidance. Pursuant to Article 13(4) of the proposed Performance Regulation, this justification should be provided at the moment of the submission of such plans or, for measures included at a later time, when the Plan is amended.

No justification would be required when a National Regional Partnership Plan is amended in case of crisis situations (pursuant to the provisions under Article 34 of the proposed NRPP regulation) and when support is provided under the emerging challenges and priorities cushion (‘budget cushion’, pursuant of Article 33 of the proposed NRPP regulation).

C. Climate change adaptation

The Commission will explore whether the single DNSH guidance should include additional criteria for climate change adaptation for some categories of activities in view of their exposure and size. In particular, a limited number of additional criteria could apply to large-scale infrastructure projects and/or critical infrastructure at high potential risk and for which no climate resilience analysis is required by applicable EU legislation.

2. DNSH areas and criteria

A. DNSH criteria for EU Member States

This section contains the areas that could be envisaged to be subject to the DNSH principle in line with Article 5(2) of the proposed Performance Regulation⁵. The list below **builds on the experience under the 2021-2027 programming period**, in particular regarding the criteria and processes applied under the Recovery and Resilience Facility, the Social Climate Fund, InvestEU and Cohesion funds. It does so while **incorporating the principles provided in Article 5** of the proposed Performance Regulation (as considered in Section 1, above), resulting in a more limited number of **clearer and more targeted DNSH criteria while still taking account of the climate and environmental objectives** that the DNSH aims to protect. This list is exhaustive and no additional DNSH criteria would apply.

As explained in the previous sections, the DNSH guidance would identify the intervention fields for which specific DNSH criteria would be applicable. Conversely, for intervention fields not covered by the guidance, no significant harm would be considered to occur and the DNSH principle would be automatically fulfilled. The ‘where feasible and appropriate’ exceptions, outlined in Section 2.B, would also derogate from this list so that the DNSH principle would not apply to those cases, irrespective of whether the area is covered by the criteria below.

List of policy areas/activities that could be considered to do significant harm to one or several environmental objectives unless they satisfy the targeted ‘carve-out’ criteria set out in the list, or the application of the DNSH principle would not be feasible or appropriate as outlined in Section 1.B:

1) The mining, extraction or production of fossil fuels and the transport, transmission, distribution and storage of fossil fuels.

The following areas are proposed to be carved out:

- decommissioning of fossil fuel infrastructure and rehabilitation of sites (observing the polluter pays principle);
- repurposing of energy infrastructure to enable pure hydrogen transportation;
- back-up storage for the continuous provision of essential services (e.g. health, drinking water and wastewater, nuclear safety, district heating and cooling);
- low-carbon fuels in line with the EU acquis;

⁵ “The guidance referred to in paragraph 1 shall set out general principles and criteria and, where necessary, specific criteria at the level of relevant policy areas.

It shall distinguish, in particular, between policy areas or activities that are always deemed to be in line with the do no significant harm principle, and policy areas or activities that are considered to do significant harm to one or several environmental objectives and can therefore not be financed from the EU budget”.

- transport, transmission, distribution and storage infrastructure intended for testing and launching of space launch vehicles and spacecraft;
- certain transport infrastructure and mobile assets (e.g., trucks, rolling stock, vessels), capable of transporting renewable, low-carbon or non-energy products (e.g., construction material) and transport, transmission, distribution and storage infrastructure for renewable and low-carbon fuels within transport-related sites (ports, airports, refuelling stations).

2) *Generation of electricity, heat or cold from fossil fuels.*

The following areas are proposed to be carved out:

- efficient district heating investments, other than for fossil fuel generation capacity;
- back-up assets (e.g. diesel generators) for the continuous provision of essential services (e.g. health, drinking water and wastewater, nuclear safety, district heating and cooling);
- generation of electricity with low-carbon fuels;
- on-site heat or cold generation for Net-Zero Industry Act (NZIA) technologies, other net-zero technologies as defined in relevant Union legislation, or for critical medicinal products as defined in the Critical Medicines Act;
- agriculture and forestry activities in rural areas.

3) *Industrial activities in stationary installations, as covered by Annex 1 of the Emissions Trading System (EU ETS) Directive, and only insofar as the industrial process is concerned.*

The following areas are proposed to be carved out:

- investments in a list of decarbonisation or other net-zero technologies as defined in relevant Union legislation, including NZIA⁶;
- investments that lead to projected GHG avoidance of at least [30-40%] including where such reductions will be achieved in stages due to technological, infrastructure or local constraints, provided that a credible decarbonisation plan is presented⁷;
- all exemptions covered in point 2 above.

4) *Manufacturing, acquisition and leasing of road vehicles (M1 and N1) capable of using fossil fuels, and of other types of road vehicles which are not at least considered low-emission.*

The following is proposed to be carved out: special purpose vehicles (e.g. ambulances, firefighting trucks, police/patrolling vehicles, waste collection trucks).

5) *Construction and expansion of roads, unless accompanied by proportionate flanking measures in the proximity of a project or in other relevant locations (e.g. as regards all types*

⁶ This includes, among others, all renewable sources under RED III and nuclear technologies.

⁷ A detailed decarbonisation plan should outline how the targeted emission reductions will be achieved within a defined timeframe and how the investment avoids the lock-in of carbon-intensive technologies. When assessing the plan, the Commission will take account of reasonable and demonstrable investments already undertaken to decarbonise.

of roads covered, measures ensuring appropriate capacity for electric charging is in place, and, for motorways or primary roads, also another measure promoting clean mobility).

The following is proposed to be carved out: agricultural and forest roads, road safety, public transport infrastructures and small-scale interventions (< 2 km).

6) *Manufacturing, acquisition and leasing of rail rolling stock which are not zero tailpipe emissions or bimodal rail rolling stock.*

7) *Manufacturing, acquisition and leasing of vessels equipped with propulsion systems capable of operating on conventional fossil fuels*

The following areas are proposed to be carved out:

- passenger and cargo vessels operating public scheduled-service obligations in outermost regions and islands with less than 200 000 permanent residents;
- hybrid vessels – including electric and wind propulsion vessels, and dual-fuel vessels⁸ for maritime navigation;
- vessels capable of running on at least 30 % renewable or low carbon fuel for inland navigation;
- work vessels and vessels for research.

8) *Investment in fishing vessels and fishing gear, including in the replacement or modification of engines capable of operating on conventional fossil fuels.*

The following areas are proposed to be carved out:

- Investments in fishing vessels that contribute to reducing the environmental impact of fishing activity (e.g. selective fishing gear reducing bycatch and discards), of achieving energy transition and/or improving health and safety on board and which comply with the following: (i) they belong to a fleet segment, in compliance with the CFP, (ii) they target stocks that are under fisheries management measures, and (iii) they have an electronic catch logbook and a Vessel Monitoring System in place.
- Investments in the replacement or modification of engines for hybrid fishing vessels or dual-fuel fishing vessels.

9) *Assembly, acquisition and leasing of aircrafts not meeting the best-in-class aircraft⁹ ICAO CO₂ standards.*

The following areas are proposed to be carved out:

⁸ Vessels equipped with propulsion systems comprising two or more separate fuel systems and allowing operation on low-carbon or renewable fuels.

⁹ Where “best-in-class” is defined vis-à-vis the thresholds of tolerable CO₂ emissions per volume of aircraft as defined by the International Civil Aviation Organization (ICAO).

- aircraft equipped to fulfil emergency services (e.g. for humanitarian, civil protection and emergency response purposes); and
- research aircraft.

10) Construction of new airports unless this is accompanied by the permanent decommissioning of an existing airport.

11) Landfill facilities

The following areas are proposed to be carved out:

- the capture and utilisation of landfill gas;
- the remediation of non-conforming landfills and abandoned/illegal waste dumps (observing the polluter pays principle);
- landfills dedicated to the disposal of inert waste and excavated material from projects on the Trans-European Transport Network;
- facilities in the outermost regions provided that a separate waste collection scheme is in place.

12) Mechanical biological treatment plants for municipal waste¹⁰.

13) Waste incineration plants

The following areas are proposed to be carved out:

- plants dedicated exclusively to treating non-recyclable hazardous waste;
- carbon capture for storage or use;
- recycling of materials from incineration ashes;
- heat recovery whereby an investment in an existing plant must not result in an increase of its waste processing capacity;
- plants in the outermost regions provided that an effective separate waste collection scheme is in place.

14) Extraction of minerals in the deep sea and marine geoengineering activities (“deep-sea mining”) until sufficient scientific evidence is available to confirm that deep-sea mining poses no threat to marine ecosystems.

15) New artificial barriers (i.e. dams) which disrupt river continuity in free-flowing river stretches as mapped under relevant legislation, unless part of investments on the Trans-European Transport Network.

¹⁰ Mechanical biological treatment plants (MTBs) are residual waste treatment facilities combining some form of mechanical sorting/physical treatment with biological treatment, possibly complemented with preparation of an energy rich waste fraction. They are usually operating in the absence of an effective sorting and separate collection system.

- 16) *Desalination plants*, unless there are no other viable supply or water-saving measures, brine discharge follows relevant brine discharge criteria, and the plant runs on onsite renewable energy or is connected to the electricity grid.
- 17) *Investments in irrigation*, unless they entail water metering and meet additional conditions in line with the Water Framework Directive.
- 18) *Activities which manufacture or place on the market identified substances of very high concern*, unless accompanied by approaches to minimise the relevant concern at the design or redesign stage of their manufacturing.

B. DNSH approach for third countries

Article 5 of the proposed Performance Regulation sets out that “proportionality shall be ensured notably by taking into account the (...) fact that [the activity] may take place in third countries”. A differentiated **approach for third countries**, as appropriate, is the simplest way to capture the diversity of third countries, the specificities of external action and the lack of common environmental acquis.

A two-stage approach is envisaged to balance the flexibility required for funding projects in third countries with sufficient levels of environmental responsibility, so that the **Union can continue to pursue its strategic interests abroad without conferring unfair advantages to foreign actors**.

The approach would consist of:

- A **targeted set of DNSH criteria**, inspired by existing practices from key multilateral financial institutions and implementing partners while ensuring high environmental standards.
- For activities that do not fall under the set of DNSH criteria but which may nevertheless create significant environmental harm, a **case-by-case screening** would be required. Where such screening identifies a risk of significant harm, an in-depth environmental assessment should be carried out and appropriate mitigation measures should be considered.

3. Application of DNSH to different management modes and programmes

While providing for a single set of DNSH criteria and a single guidance document, the proposed Performance Regulation also provides for the tailored application of the DNSH principle according to the type of management mode:

- **Article 13** of the proposed Performance Regulation provides that plans implemented by Member States or third countries have to integrate a **DNSH assessment at the level of the activities** in their plans in line with Article 5. Also, the proposed National and Regional Partnership Plans Regulation foresees that Member States explain the control and monitoring

mechanisms in place to comply with the principle across the lifetime of the plan, in line with Table 2.2. of Annex V of the proposed NRPP Regulation. Managing authorities should be responsible for ensuring compliance with the principle throughout the implementation phase.

- **Article 16** of the proposed Performance Regulation mandates the Commission to ensure compliance with DNSH in directly managed programmes.
- **Article 17** of the proposed Performance Regulation mandates the Commission to ensure that actions financed through indirect management comply with DNSH.

These elements will be considered in the DNSH guidance, which will also include **examples** to illustrate the practical application of the DNSH criteria across different types of spending programmes. Those include in particular the National and Regional Partnership Plans, and the application of existing screening methodologies in the **evaluation process of research and innovation** actions under Horizon Europe to ensure compliance with the DNSH guidance. The guidance will also take account of **specificities of SMEs**, including through possible additional facilitations. It will also recall that the DNSH assessment does not pre-empt the Commission's assessment of the compatibility of State aid measures and is without prejudice to the **State aid rules**.