

Appendix: Overview of recommended MS criteria

	Human Rights	Corruption	Taxation	Fair Competition
<p>EU companies in scope of CSRD should be considered non-compliant if one of the two criteria apply</p>	<ol style="list-style-type: none"> 1. The company has not established an adequate human rights due diligence process as outlined in the UN Guiding Principles (UNGPs) and Organisation for Economic Cooperation & Development (OECD) Guidelines for Multinational Enterprises (MNEs). 2. There are signals that the company did not adequately implement HRDD and/or violated HR. These are: <ol style="list-style-type: none"> a) The company has finally been convicted in certain types of court cases on labour law or on human rights. b) The following two indicators signal that the company does not engage with stakeholders although this is an integral part of the UNGPs. <ul style="list-style-type: none"> • An OECD National Contact Point has accepted a case; however, the company refuses to engage with the party which has initiated it, or the company has been found non-compliant with the OECD guidelines by the NCP. • The Business and Human Rights Resource Centre (BHRRRC) has taken up an allegation against the company, and the company has not answered to it within three months. Not answering an allegation would signal non-compliance for two years. 	<ol style="list-style-type: none"> 1. The company has no anti-corruption processes in place. 2. The company or its senior management, including the senior management of its subsidiaries, has finally been convicted of corruption in court. 	<ol style="list-style-type: none"> 1. The company does not treat tax governance and compliance as important elements of oversight, and there are no adequate tax risk management strategies and processes in place. 2. The company or its subsidiaries has been convicted of violating tax laws. 	<ol style="list-style-type: none"> 1. The company does not promote employee awareness of the importance of compliance with all applicable competition laws and regulations. 2. The company or its senior management, including the senior management of its subsidiaries, has been finally convicted on violating competition laws.

	Human Rights	Corruption	Taxation	Fair Competition
Non-EU companies and EU companies until CSRD is fully implemented are considered non-compliant if one of the two criteria apply	<p>1. The company has not implemented an adequate HRDD which follows the six steps of the UNGPs. As audit/assurance of these disclosures will be voluntary, an additional check on implementation is necessary. To do this, investors might consider data resources such as the World Benchmark Alliance (WBA) for an assessment.</p> <p>2. See second criterion above.</p>	<p>1. The company has no anti-corruption processes in place.</p> <p>2. The company or its senior management including the senior management of its subsidiaries has been convicted in court of corruption.</p>	<p>1. The company does not treat tax governance and compliance as important elements of oversight, and there is no adequate tax risk management strategies and processes in place.</p> <p>2. The company or its subsidiaries has been convicted of violating tax laws.</p>	<p>1. The company does not promote employee awareness of the importance of compliance with all applicable competition laws and regulations.</p> <p>2. The company or its senior management (including the senior management of its subsidiaries) has been convicted of violating competition laws.</p>
SME should be considered non-compliant if one of the two criteria apply	<p>1. The company has not established HRDD proportionate to its size and leverage, and to its HR risks.</p> <p>2. The company has been convicted in court of human rights, labour rights, or consumer rights infringements.</p>	The company has been convicted in court of corruption.	The company has been convicted in court of tax evasion.	The company has been convicted in court of breaches of competition law.
Sub-sovereigns	The existence of an accredited National Human Rights Institution (NHRI) in the country is a sign of alignment with MS documents. Sub-sovereigns which have implemented the guidance on UNGPs for sub-sovereigns should be considered compliant with MS.	A high level of corruption according to the corruption perception index of Transparency International is a sign of non-alignment.	N/A	N/A
Project finance/ Special purpose vehicles (SPVs)	For SPVs, the criteria for large EU and non-EU companies apply respectively. The equator principles might give guidance on compliance.	For SPVs, the criteria for large EU and non-EU companies apply respectively.	For SPVs, the criteria for large EU and non-EU companies apply respectively.	For SPVs, the criteria for large EU and non-EU companies apply respectively.
Banks and insurers	The criteria EU and non-EU companies apply respectively.	The criteria EU and non-EU companies apply respectively.	The criteria EU and non-EU companies apply respectively.	The criteria EU and non-EU companies apply respectively.
Households	MS are not applicable to households.			
Additional criteria on companies with exposure to controversial weapons	Companies with exposure to controversial weapons, as defined in the SFDR regulatory technical standards as anti-personnel mines, cluster munitions, chemical weapons, and biological weapons, should not be able to count their activities as Taxonomy-aligned because of their non-compliance with the DNSH principle under the SFDR.			