

## Interview\_02

- 1 0:0:0.0 --> 0:0:0.830  
Parth Sharma  
Yeah, it works.
- 2 0:0:1.470 --> 0:0:2.690  
Parth Sharma  
Yes, that works.
- 3 0:0:3.750 --> 0:0:5.720  
Parth Sharma  
OK so.
- 4 0:0:6.710 --> 0:0:32.770  
Parth Sharma  
Yes. So like the the steps to implement CSRD, it includes first of all we we need to map the value chain and then understand understanding the stack test specific requirements and sector agnostic requirements. And then it's about finding the relevant sustainability topics which we need to report on. Then doing the double materiality assessment. In fact in in form of impact and financial materiality.
- 5 0:0:33.470 --> 0:0:58.420  
Parth Sharma  
And then having the the, the assessing the risk impacts and opportunities related to sustainability and then it's finding the gap between the current system and the required by CSRD and then building an action plan around it finding the KPIs and then monitoring and disclosing and then auditing. I think auditing is a mandatory requirement in both of them. You taxonomy and CSRD.
- 6 0:1:0.10 --> 0:1:0.230  
Interviewee\_02  
Yeah.
- 7 0:1:4.310 --> 0:1:4.600  
Parth Sharma  
Yeah.
- 8 0:1:5.920 --> 0:1:6.860  
Parth Sharma  
So.
- 9 0:1:7.540 --> 0:1:40.870  
Parth Sharma  
And that you taxonomy, the company can start with listing down all of their economic activities which are under their turnover CapEx and OpEx operations. And then the first filtering criteria will be about finding the taxonomy eligible activities which can be done from the delegated acts and then further in the next step will be will be to apply the technical screening criteria. The second step of filtering which will give them the taxonomy aligned activities and then it's about disclosing it in form of a percentage of CapEx and OpEx.
- 10 0:1:41.200 --> 0:1:45.410  
Parth Sharma  
And then having the external auditing in place and then monitoring and reporting.
- 11 0:1:46.760 --> 0:1:47.240  
Parth Sharma  
Uh.
- 12 0:1:47.310 --> 0:1:47.800  
Interviewee\_02  
Yeah.
- 13 0:1:48.660 --> 0:1:59.980  
Parth Sharma  
So yes, so I I just tried to say that if I'm a com, so like when I was reading both of these regulations, they were there. They're very independent topics because.
- 14 0:2:0.380 --> 0:2:0.630  
Interviewee\_02  
Umm.
- 15 0:2:1.190 --> 0:2:4.890

## Interview\_02

Parth Sharma

CSRD is based upon the ESRS standards, which are 11.

16 0:2:19.930 --> 0:2:20.280

Interviewee\_02

Yeah.

17 0:2:29.870 --> 0:2:30.170

Interviewee\_02

Yeah.

18 0:2:6.290 --> 0:2:35.970

Parth Sharma

And then you taxonomy is based upon the technical screening criterias and both of these areas have different body working on them. So ESRS is controlled by efrag and technical training. Retaria is controlled by TETFG or something like that. Some task force which is handling this technical standing criteria. So they are isolated bodies which are there. So when you when we read it from a policymakers view.

19 0:2:36.860 --> 0:2:49.130

Parth Sharma

It seems they are very disconnected, but then I tried to shift my perspective from a policymakers view to a companies to see if if I am a company and I need to implement both of them, what should I do?

20 0:2:50.490 --> 0:3:5.200

Parth Sharma

So I just list down all of the steps of CSRD. All of the steps of EU taxonomy, and then I try to like link them together. So if I'm already doing CSRD, certain steps should be common. Do you taxonomy which reduces my task?

21 0:3:6.470 --> 0:3:6.670

Interviewee\_02

Right.

22 0:3:7.470 --> 0:3:31.650

Parth Sharma

So like this these steps of mapping the value chain in in the CSRD context mapping the value chain. Understanding the specific sector specific and sector agnostic requirements of CSRD and then relevant sustainability topics. It also relates to EU taxonomies listing all the economic activities and under the CapEx like these are somewhat similar.

23 0:3:32.570 --> 0:3:33.140

Parth Sharma

Topics.

24 0:3:34.980 --> 0:3:35.450

Interviewee\_02

Hmm.

25 0:3:38.50 --> 0:3:52.710

Parth Sharma

And then, uh, finding the EU taxonomy eligible activities like from the delegated acts and then assessing the risk and impact and portion it is related to sustainability in case of CSRD, they somewhat seem similar.

26 0:3:54.460 --> 0:4:10.820

Parth Sharma

And then the last three steps of disclosing, monitoring and evaluation, it's same for both of them because we need to. So CSRD is more is also about how to disclose properly. So if you found that you taxonomy activities, you can disclose it using the CSRD framework.

27 0:4:12.640 --> 0:4:13.100

Interviewee\_02

Hmm.

28 0:4:11.980 --> 0:4:13.950

Parth Sharma

And then external auditing it both of them.

29 0:4:15.460 --> 0:4:18.200

Parth Sharma

## Interview\_02

- So like the first question is does these.
- 30 0:4:19.10 --> 0:4:22.600  
Parth Sharma  
This matchmaking makes sense from a company's perspective.
- 31 0:4:27.590 --> 0:4:29.190  
Interviewee\_02  
And that's a question to me.
- 32 0:4:33.220 --> 0:4:34.80  
Interviewee\_02  
After yeah.
- 33 0:4:35.110 --> 0:4:35.430  
Interviewee\_02  
Yeah.
- 34 0:4:37.650 --> 0:4:39.30  
Interviewee\_02  
Sure, sure. Yeah.
- 35 0:4:29.970 --> 0:4:50.620  
Parth Sharma  
Yes, maybe. Maybe I can finish all this part and it's gonna be repeated in the in the question and the question and discussion. So we can have it. So this is the slide where I tell that like the ESRS framework and the technical screening criteria, it is the link between both of them. So most of the common things.
- 36 0:4:51.550 --> 0:4:54.580  
Parth Sharma  
In both of the regulations will depend upon how.
- 37 0:4:55.550 --> 0:4:59.690  
Parth Sharma  
Aligned or how In Sync are these two standards?
- 38 0:5:2.380 --> 0:5:8.690  
Parth Sharma  
Like not just ESRS one like this is an example, but all of the 11 ESRS standards.
- 39 0:5:11.240 --> 0:5:12.130  
Parth Sharma  
So.
- 40 0:5:13.130 --> 0:5:13.780  
Parth Sharma  
Yeah.
- 41 0:5:14.490 --> 0:5:15.840  
Parth Sharma  
Option and discussion.
- 42 0:5:16.900 --> 0:5:25.460  
Parth Sharma  
Yeah. OK. So like this is the end of like just the overview of my project in it project and now we shift to the question and discussion part.
- 43 0:5:26.490 --> 0:5:27.880  
Parth Sharma  
So the first question.
- 44 0:5:28.850 --> 0:5:33.670  
Parth Sharma  
Is like you have a bad manufacturing background as well.
- 45 0:5:34.730 --> 0:5:39.990  
Parth Sharma  
And with with the, how would you rate these CSRD and EU taxonomy?
- 46 0:5:40.570 --> 0:5:45.360  
Parth Sharma  
A legislation affecting the different operations in the business.

## Interview\_02

- 47 0:53.360 --> 0:53.690  
Parth Sharma  
Umm.
- 48 0:55.710 --> 0:56.140  
Parth Sharma  
Umm.
- 49 0:57.370 --> 0:57.750  
Parth Sharma  
Umm.
- 50 0:50.80 --> 0:58.370  
Interviewee\_02  
So your question is if I understood it rightly, you're saying the CSRD and the EU taxonomy would have.
- 51 0:59.380 --> 0:6:2.990  
Interviewee\_02  
Some impacts on the different business Domains.
- 52 And where would the impact be high and where it couldn't be not so high?
- 53 0:6:13.980 --> 0:6:14.480  
Parth Sharma  
Yes.
- 54 0:6:14.530 --> 0:6:17.260  
Interviewee\_02  
Umm, that's an interesting question that you ask.
- 55 0:6:17.810 --> 0:6:19.940  
Interviewee\_02  
Uh, you know, fundamentally I.
- 56 0:6:21.390 --> 0:6:29.630  
Interviewee\_02  
I look at this CSRD and EU taxonomy both as reporting requirements rather than a performance requirement.
- 57 0:6:30.480 --> 0:6:30.850  
Parth Sharma  
Umm.
- 58 0:6:31.110 --> 0:6:32.50  
Interviewee\_02  
So if.
- 59 0:6:33.770 --> 0:6:39.280  
Interviewee\_02  
If you had asked me does the eco design for sustainable product regulation Affect the company? I would say yes, it affects the company because it poses performance requirements for the product. The way the product is designed. Which influences the performance. The regulation directly, you know, addresses that topic. When it comes to CSRD it. Does not set a minimum requirement on and so is with the EU taxonomy. It's just a classification system, as you rightly said, so you are...As a company you are required to report Under both the CSRD and the taxonomy different aspects. So it's more of a reporting than a call for a change in your either the business model or greening the supply chain or product design or operations or digital technologies. Maybe digital technology, as you rightly said, you know it it the CSRD requires you to digitally tag the report. So if if but that's a very small element in the overall scheme of things and it's not, it's not about the digital technology in your production and sales.
- 60 Ohh, the distribution or sourcing of your product, so that's that's not what we're talking about. So in a way both the CSRD and the taxonomy do not directly affect these business domains that you mentioned, but having said that, I'll say that it would indirectly influence all of them. Because if you look at the EU taxonomy the basic intent of the EU taxonomy is that the capital needs to be routed towards or rerouted towards the sustainable activities rather than continue to fund, continue to finance the non sustainable activities. So it's a hope that when companies start to report how much money they are putting in form of CapEx in non sustainable activities or sustainable activities, that will form an incentive or disincentive for the financial institutions or shareholders to support the company. So it's an

Random information

Impact of EU Taxonomy and CSRD

## Interview\_02

Impact of EU Taxonomy and CSRD

indirect influence and therefore the from that perspective, I would say that the influence or the effect of both these regulations on these business domains would very much depend on the nature of the business.

61 I would say I would think that, you know, like greening the supply chain. If I take that as an example, if I were a textile industry and there's a lot of procurement from Bangladesh, let's say which China and Bangladesh are the number one and two biggest sources of textile so if if I were a textile industry, I would say that greening the supply chain would be a critical sustainability impact. But that's true with any sustainability issue. So there I think you know the every like you said EU taxonomy every economic activity in order to become a taxonomy eligible and taxonomy aligned it has to contribute towards one Environmental objective.

62 No.

63 If it's a renewable energy, then probably it will move more towards or skewed more towards the climate impact. But if it's a very product oriented company, maybe it's the business model.

64 If it's a cement company. Maybe it's the operations because because the climate impact. Ohh and cement industry is actually one of the high Carbon impact industries. So then and that high impact on climate is coming from so in that case it is their operations rather than the sustainable business model.

65 So from a business domain perspective and indirectly influence will depend on the nature of the business Yeah.

66 0:12:13.800 --> 0:12:23.10  
Parth Sharma

Gets more of a sector specific thing like it's obviously it is large manufacturing, but then also we have different sectors and depending upon the sector the impact will vary.

67 0:12:23.980 --> 0:12:25.380  
Interviewee\_02  
Exactly, yeah.

68 0:12:33.240 --> 0:12:33.570  
Interviewee\_02  
Yeah.

69 0:12:39.730 --> 0:12:39.970  
Interviewee\_02  
Yeah.

70 0:12:25.40 --> 0:12:46.140  
Parth Sharma

OK, makes sense now. Also like I could imagine like when we were talking about like the impact will be indirect and long term in these cases and but if if we talk about the product design or like ecodesign Directive, it has like direct impact from the day it is implemented. So I could like visualize this graph where like if we take these two regulations... It's gonna be like this with time, but then they there are certain these directives which have like impact from day one like continuous throughout the process so.

71 0:12:57.820 --> 0:12:58.100  
Interviewee\_02  
Yeah.

72 0:12:59.30 --> 0:13:0.570  
Parth Sharma  
Make sense? Yes, right.

73 0:13:2.150 --> 0:13:9.670  
Interviewee\_02

Yeah, I mean it. Take this like in the electronic industry now the now there is a lot of discussions around the right to repair. The right to repair will have a profound impact in the repairability and spare parts availability and etcetera, but that could be sustainable business model as well? If you are, you know if you are selling products and you are providing a service spare parts and servicing options so it's it could be another angle to the sustainable business model.

Impact of EU Taxonomy and CSRD

74 But for my EU taxonomy and CSRD perspective, so we talked a lot about EU taxonomy. I think CSRD also is a very similar as you rightly said (in the intro slides), there are some sector agnostic requirements, the standards and then. We hope that there will be some sector specific disclosure requirements coming in, yeah.

75 So you know, a company could report that they're not taxonomy aligned even though they are eligible. And a company could say I don't have a circular economy or a climate policy. And then you fulfill the CSR requirements. Technically you fulfill the requirement because the requirement is about disclosure.

76 So it's not about performance.

77 0:14:43.670 --> 0:14:45.50

Parth Sharma

Yes, right, right.

78 0:14:50.40 --> 0:15:7.40

Parth Sharma

So this question is about the like linking both of them together, does this strategy of finding the common steps and linking them together makes sense? Like can we do this like in a real organizational setup?

79 0:15:11.760 --> 0:15:14.200

Interviewee\_02

Yeah, it's it's a little tricky. One I would say.

80 So without referring to this slide, if I really think through one how is CSRD and taxonomy linked I would say that CSRD has a much wider scope of reporting requirements than the taxonomy ... See from a taxonomy point of view all you are reporting is primarily what you're reporting is your financial information classified into sustainable and non sustainable and when I say financial information, as you rightly said, it's about turnover, CapEx and OpEx.

81 So how much if you are total, if you're total revenue is?

82 Lets say €10 billion.

83 Out of that.

84 20% or €2 billion is coming from sustainable activities.

Link between CSRD and EU Taxo

85 If you are reporting this requirement from a CapEx point of view, if you have invested €1,000,000 and that is taxonomy aligned that CapEx. So then you're 100% of your CapEx is taxonomy aligned. So in that case that's a taxonomy regulation requirement.

86 Now in order to.

87 OK, so that's the taxonomy requirement. When you look at the CSRD you're looking at.

88 Are you are looking at the taxonomy as well? Because the CSRD it does mention in the general requirements your Taxonomy regulation reporting. So it's a subset of the CSRD reporting.

89 If you go beyond the financial and that's exactly what the CSRD is about, right? It's non financial reporting. So you are looking at what are your policies on climate and circular economy and all the other areas that you mentioned, not just the policies, but also, for instance, in circular economy you're talking about what is the inflow of resources.

90 Outflow of stock.

91 And flow etcetera.

92 When it comes to climate, the CSRD would require that you have a policy in place? Are

Random information

Random information

## Interview\_02

Link between CSRD and EU Taxonomy

you taking efforts to mitigate or adapt your climate impact?

93 Uh, taxonomy does not require all of it. What would the taxonomy require? The taxonomy would require for the specific industry. If it's falling under delegated act, whether your carbon footprint is below a threshold. So it's more a performance requirement.

94 And then whether you have a policy or not, it doesn't matter really from a taxonomy point of view.

95 So I would say that the linkages are certainly there. On one hand, the CSRD is much broader reporting it includes the taxonomy report.

96 In one of the sections in the first section, I guess. Yeah. First, the general requirements, that's the section I believe is where you have the reporting needed on taxonomy under this CSRD.

97 So here you say.... find taxonomy eligible activities. Uh, I couldn't really understand why is that on how is that related relating to 5 of CSRD? How is that related to assessing risk impact and opportunities related to sustainability?

98 0:19:42.470 --> 0:19:48.610

Parth Sharma

Yeah. So like when we talk about assessing risk opportunities in sustainability. So are we looking at in CSRD on what are the activities in our value chain which are which have risks from different aspects and what are their impacts on the ESG front. So when we talk about if an economic activity, so, so no if any activity as per CSRD in a company has an impact on the ESG factor. That is also meaning that we look at an economic activity and see how it contributes to those six objectives, because those six objectives and the ESG criteria, they are not very different from each other.

99 0:20:33.620 --> 0:20:33.970

Interviewee\_02

Sure.

100 0:20:43.440 --> 0:20:43.770

Interviewee\_02

Umm.

101 0:20:36.610 --> 0:20:46.510

Parth Sharma

So if for any activity in the value chain we say that impacts,... let's say if you only take if we leave the governance part and we only take.

102 0:20:47.750 --> 0:21:0.350

Parth Sharma

Governance part and the let's say we also dropped the society part. If you only take the environment part of the ESG impact. So the environment part, it covers the six objectives.

103 0:21:1.280 --> 0:21:1.550

Interviewee\_02

Yeah.

104 0:21:3.20 --> 0:21:3.380

Interviewee\_02

Correct.

105 0:21:3.890 --> 0:21:5.930

Parth Sharma

So that is like a sub activity.

106 0:21:6.800 --> 0:21:9.160

Parth Sharma

In the bigger picture of CSRD.

107 0:21:18.490 --> 0:21:18.810

Parth Sharma

Here.

108 0:21:16.950 --> 0:21:20.900

Interviewee\_02

I'm still trying to understand, so if you are let's say you have under CSRD.

## Interview\_02

Link between CSRD and EU Taxon

- 109 0:21:22.690 --> 0:21:24.840  
Interviewee\_02  
Let's say you are take a company.
- 110 0:21:24.400 --> 0:21:25.830  
Parth Sharma  
Hmm hmm.
- 111 0:21:25.950 --> 0:21:27.540  
Interviewee\_02  
Pick any company. No, no this.
- 112 0:21:28.90 --> 0:21:28.400  
Parth Sharma  
Hmm.
- 113 0:21:34.320 --> 0:21:34.690  
Parth Sharma  
Umm.
- 114 0:21:28.810 --> 0:21:37.40  
Interviewee\_02  
You, you know, assessing the the sustainability risks or the ESG risks impacts and the opportunities.
- 115 0:21:37.660 --> 0:21:38.160  
Parth Sharma  
Umm.
- 116 0:21:39.710 --> 0:21:43.820  
Interviewee\_02  
How is that related to the taxonomy eligibility identification? Either taxonomy eligibility is really about Comparing either the list of economic activities mentioned in the delegated act, or you can also use the Nace code which is used in the case of in the case of the EU. If you if your economic activity is falls under the delegated act scope, then it's taxonomy eligible. When you are doing the taxonomy eligibility all you're doing is to look at whether your economic activity actually falls under one of these scopes of the delegated acts,, it's nothing to do with assessing risk impacts an opportunity.
- 117 0:22:41.820 --> 0:22:43.30  
Parth Sharma  
So when we talk about when we say that we talk about economic activity in a company - What does that exactly translate into like in in real sense, let's in case of Novo Nordisk. If I say they have an economic activity and the OPex section. So what does that mean in in ground sense if you say?
- 118 0:23:6.550 --> 0:23:17.820  
Interviewee\_02  
So so there's no OpEx, the economy activity does not refer to CapEx or revenue. It's what you are doing. What is activity that you are engaged in so for instance Novo Nordisk could say that one of my economic activity is Production of pharmaceuticals. That's an economic activity. In order to meet in order to do that economic activity production of insulin or pharmaceutical, I'm also constructing a building. So the company could have multiple economic activities.
- 119 In CSRD, there's no talk about economic activity and you are reporting as a entity as Novo Nordisk as one entity. But in the taxonomy you are reporting a from an as code wise you are reporting from an economic activity wise.
- 120 0:24:11.350 --> 0:24:23.960  
Parth Sharma  
It's more of a like a bigger picture of the economic activity. So. So when you say about economic activity, we mean the whole value chain of the business from economic activity. NovoNordisk as you mentioned is about manufacturing insulin. So when we say that it's an economic activity for NN and it's we are manufacturing insulin. So it includes all of the complete supply chain value chain and like all of the business model, all of the product design. So even if it's you are setting up a new design Center for insulin for itself it is an economic activity, right.

## Interview\_02

Link between CSRD and EU Taxonomy

- 121 0:24:58.720 --> 0:24:59.70  
Interviewee\_02  
Yeah.
- 122 0:24:55.510 --> 0:25:0.540  
Parth Sharma  
I'm just trying to clarify this economic activity. Uh term because it's it's a bit not clear for me, and it's sometimes very confusing to understand.
- 123 0:25:7.180 --> 0:25:21.730  
Interviewee\_02  
Yeah, yeah, I think the easiest way would be first of all, the economic activity in the classification in NACE code, it is usually a finance, finance expertise. So, so it's completely fine. And for both of us to still try and understand what does this mean and also there are economic activities which are not yet defined under the NACE code because the NACE code system itself is has been many, many years old now and many economic activities are continuously evolving. New activities are getting added.
- 124 But having said that, if you look at the economic activity, then ask code. It's very clear on Where all would you fall so from a revenue point of view. So from a new taxonomy you are you need to report revenue, CapEx and OpEx. So from a revenue point of view, you're looking at your economic activity as production of pharmaceutical. Your construction of building is - If you are making a new factory. You will have, uh construction of building most probably, and that is under a different NACE code and that will go into the CapEx reporting
- 125 So every company could have multiple economic activities. So from an energy perspective, or even in the building, you would see that you know there if you are making a charging stations - It's it's an economic activity.
- 126 So if you are a, if you are creating a new building, if Novo is creating a new factory and it's a green factory sustainable factory. At the same time, it's also creating charging points for the new EV. So then you could have actually quite a few Nas codes here.
- 127 And you will have to then. So when you say in .2 under the EU taxonomy, you find the taxonomy eligible activities. You're basically after you have listed all the economic activities. You will then look at.
- 128 0:27:45.330 --> 0:27:47.740  
Interviewee\_02  
Yeah. Which of these are in the scope of the delegated acts and therefore eligible if they are in scope, then it's taxonomy eligible. And when you are doing the CSRD. You are not looking at classifying your activities in NACE codes. You're basically as a entity. As a company, you're looking at your overall sustainability impact in terms of again the same aspects, but then On a much deeper level and therefore I say this one is in the EU taxonomy, you are looking at classifying sustainable versus non sustainable, that's the end goal. And then and then reporting your financial performance under taxonomy, eligible, aligned and your overall as a percentage of your overall revenue or overall CapEx or overall APEX?
- 129 But in the case of CSRD, you're reporting as an entity is 1 company.
- 130 So you, in CSRD, looking at many things from policies to. And identifying risks. So strategy, policy, and then, of course, the performance and that performance that you identify as a part of the CSRD requirement will then help you to understand your the technical screening criteria.
- 131 0:29:31.920 --> 0:29:33.270  
Parth Sharma  
Can you explain this part again?
- 132 0:29:34.570 --> 0:29:46.460  
Interviewee\_02  
Yeah. So let's say as a part of CSRD you are, you have, let's say, climate, for instance, the area of climate change mitigation adaptation. So you identified.
- 133 A - that you don't have a policy. You are making a policy #1.
- 134 Then you say that from I as a company, I am. My overall emissions are XYZ tons. And Scope one is X scope, two is Y scope three Z. You may need to report emission energy intensity, emissions intensity so per product per ton of product that you're making, what is your emissions so on and so forth. So that's your CSRD requirement.

## Interview\_02

- 135 Now when you are looking at the taxonomy. It if pharmaceutical had been in scope of the delegated act and the criteria, the technical screening criteria of significant contribution for climate change adaptation or mitigation if it says that, If you are making insulin with a overall emissions of less than 5K G of CO2. Then you are taxonomy aligned. So that's your criteria. But if you are emitting more than 5 Kilograms. Let's say Then you are not give making a significant contribution. Does that make sense? Are you able to get my point?
- 136 0:31:33.70 --> 0:31:45.330  
Parth Sharma  
Yeah, it makes sense. Yeah, yeah. So just to, like, confirm, if I understand correctly or not. So in CSRD it gives you let's say an output of.
- 137 0:31:46.300 --> 0:31:49.190  
Parth Sharma  
Uh, in the ESG context of different?
- 138 0:31:50.60 --> 0:32:3.350  
Parth Sharma  
Aspects of business or something. It gives output, but then we bring in the technical screening criteria to filter out what is green and what is not. Green as per EU Taxonomy, right?
- 139 0:32:7.90 --> 0:32:7.390  
Interviewee\_02  
Yeah.
- 140 0:32:8.900 --> 0:32:9.250  
Parth Sharma  
OK.
- 141 0:32:11.230 --> 0:32:23.110  
Parth Sharma  
So it's like on on on the, on the back end, the company is doing CSRD and having the outputs of, let's say different KPI and let's say 10 KPIs and then it brings in the filter of EU taxonomy and says that out of my 10 KPI three are EU taxonomy line something like that and then it calculates how much investment it is making in that area.
- Link between CSRD and EU Taxonomy
- 142 0:32:39.80 --> 0:32:39.430  
Interviewee\_02  
Yeah.
- 143 0:32:41.70 --> 0:32:42.620  
Parth Sharma  
OK, makes sense.
- 144 0:32:50.650 --> 0:32:50.960  
Parth Sharma  
Umm.
- 145 0:32:46.530 --> 0:32:52.880  
Interviewee\_02  
The you know when you are collecting the data on climate, you are on one side looking at economic activity wise and then you're looking at the technical screening criteria to assess whether you fulfill their technical screening criteria and if so, then you then you would report that your taxonomy aligned.
- 146 But on revenue, what is your total revenue, which is taxonomy aligned etcetera, but in the CSRD you're actually not reporting an economic activity wise you are reporting as a company. So if if Apple is making a iPhone and also a MacBook and also an iPod and then the airport.
- 147 These are different economic activities. But the CSRD report of Apple would be what is your overall emissions? Do you have in a climate policy? What is your overall scope? 1,2 and 3 emissions, so on and so forth. But when you are calculating your emissions as Apple and then you are looking at the economic activity wise at your emissions.
- 148 For EU Taxonomy you are looking at whether you are meeting the threshold requirements of the technical screening criteria. And based on what you are, if you are meeting, So what is the revenue for those economic activities?
- 149 So the the groundwork for the taxonomy and CSRD. Because they refer to the same aspects of sustainability, the six environmental objectives in the groundwork there could be

## Interview\_02

Link between CSRD and EU Taxonomy

some similarities. There are some similarities in the groundwor which then need to be used differently to meet the EU Taxonomy Regulation and the CSRD regulation.

150 0:35:9.200 --> 0:35:16.820

Parth Sharma

And would this depend upon like on a company company to company basis or will it depend upon the common things in the technical screening criteria and the ESRS standards. You get what I'm saying ?

151 0:35:31.390 --> 0:35:38.370

Interviewee\_02

No, I I think the process can be very similar in every company and the process to come up with the method to identify risks, impact and opportunity that is very similar. And whether you are a cement company or a pharmaceutical company or a textile, how does it matter? You will need to assess what are your climate impacts, what are your activities, what are the impacts and and what are the risks that the climate change poses to you the principle remains the same.

152 The process of calculating the carbon footprint or the climate impact that would remain the sam.? Whether so, when you are come, when you are calculating the climate impact. Are you doing this at an overall company level? Are you doing this also with an economic activity, Nace code ? That process I think that will be very common because every company will implement this.

153 Both these regulations, every large company, I should say to begin with. But then what you report that will vary that the details that you go will vary, yeah.

154 0:37:6.340 --> 0:37:22.810

Parth Sharma

So it's more of a like a hypothesis question. So like based upon our our discussion we had how how much if like if a company is already doing the CSRD regulations. So if it's adhering to everything, it's CSRD is demanding.

How much percentage will you cover that in that process?

155 0:37:40.570 --> 0:37:45.350

Interviewee\_02

I mean, uh, percentage would be very difficult to to pinpoint.

156 Like I said, you know you could comply to CSRD without doing a lot of things also.

157 So do you have a policy? One could say no, I don't have a policy and that's the end of the story.

158 So you fill the, you fulfill the CSRD requirements, even though you haven't really put all the effort to to have a climate impact goal climate goal and to create a policy to do some action. So it's it's a little, I would say it's very difficult to complex.

159 0:38:29.460 --> 0:38:47.610

Parth Sharma

But like when a company is identifying the sector specific requirements in the ESRS, so it has, it has like many like environmental standards. So for like for climate it has a separate standard. So company need to identify what it needs to pick up from the standard, right?

160 0:39:0.630 --> 0:39:1.20

Interviewee\_02

Yeah.

161 0:39:1.740 --> 0:39:2.220

Interviewee\_02

Yeah.

162 0:38:53.640 --> 0:39:9.420

Parth Sharma

So when the ESRS uh ESR is E1. When the company is looking into that which is about environment like climate specifically and then we pick up the climate delegate mitigation and adaptation from their technical screening criteria.

163 0:39:10.500 --> 0:39:10.730

Interviewee\_02

Yeah.

164 0:39:10.860 --> 0:39:13.850

Parth Sharma

## Interview\_02

Random information

When we match both of them so.

165 0:39:14.880 --> 0:39:24.350

Parth Sharma

Will there be chances that there is an overlaps? There should be. Ideally there should be significant overlap between them. Because I think they both should be aligned right.

166 0:39:31.790 --> 0:39:44.810

Interviewee\_02

See there is a ,I get your point , and you know, I think there is an inherent assumption we are making here that when a company is following CSDR regulation, it is basically also doing.

167 0:39:59.50 --> 0:39:59.410

Parth Sharma

Umm.

168 0:39:45.570 --> 0:40:16.650

Interviewee\_02

All the right things and is very bold and ambitious in in reporting very deeply in practicing what the regulation, the CSDR aspects, all the different aspects are covering. So if you do assume that if that's an assumption that a company is meeting, all the is actually doing a lot is very bold and ambitious and therefore is following the CSDR regulation.

169 Then yes. Then I'll say that we that taxonomy requirements would get covered to a great extent.

170 Umm, I would say, 60 to 80%. But that's a big assumption to make.

171 0:40:44.670 --> 0:40:50.520

Parth Sharma

But then if you move on the other end of the spectrum, if the company is below average, ambitious. And it's in. In that case, if we if we want a percentage, would you select zero to 20% of EU taxonomy requirements will be fulfilled or 20 to 40.

172 0:41:2.140 --> 0:41:6.40

Interviewee\_02

It could very well be and let me give you give an example to you. Many companies have not calculated a carbon footprint per their specific products. Uh under the CSDR you could still report your overall emissions and. But if you don't have carbon footprint calculated for your specific product product categories you will. You won't be able to meet the you won't be able to say that my product will meet the technical screening criteria, so you will have to then say my economic activities are taxonomy eligible but not aligned.

173 So if you don't have data you will have to report as not aligned. Even though you are report, you are compliant under the, you are following the CSDR and you could say I have not done this. I have not done that and you have reported.

174 And therefore, in the beginning I said, you know, there's both of both of these regulations are indirectly influencing the business domains that you mentioned. It does not ask you to address the climate impact, it only ask you to report what is what is your current state of affairs in terms of policies, strategy, impacts, etcetera, etcetera.

175 0:42:41.50 --> 0:42:46.640

Parth Sharma

As it is, just like saying to a student like don't study but tell tell us your marks.

176 0:42:56.630 --> 0:42:56.880

Interviewee\_02

Yeah.

177 0:42:50.960 --> 0:43:4.430

Parth Sharma

Yeah, I think like we are reaching the end of the meeting. I had just two, two more questions, but if maybe if if it's OK, maybe we can have some other time schedule, if you have some other meeting right now.

178 0:43:5.620 --> 0:43:13.760

Interviewee\_02

Yeah, I have a lot of work to finish. So if we have two more minutes, I don't mind quickly going through them if you want, yeah.

179 0:43:12.710 --> 0:43:36.680

Parth Sharma

OK. so like this. This is the NACE code. We were, we were talking earlier. So this is like this is from the snippet from one of the EU documents. So if you look into the manufacturing domain like ST3 and T4 and T5. So this is like the most of the manufacturing activities. there, right now out in the industry. So it's from manufacturing of chemicals, rubber, plastics to a textile, apparels and everything. So in this we already have climate mitigation and adaptation documents released, and we can clearly see that manufacturing is not a not covered.

180 At least for most of the activities, they're covered for oars and like this.

181 Process metal raw material processing industries for aluminium, steel and everything but the main activities. They they will they will have.

182 I like for they will be connected to this other four.

183 Uh delegated acts so like, do you have some idea of- What will be the effect when these tech, these delegated acts will come into force? What will be the impact of the manufacturing industries?

184 0:44:36.10 --> 0:44:42.30

Interviewee\_02

I mean the first thing is I think the platform once sustainable finance has just given the reports. So if you look at the the picture that you are referring to, I think the approach they have followed is to continue to look at from a climate change perspective, which are the highest contributing industries.

185 And then developing the at the technical screening criteria for them.

186 As the first level, as a first focus area and then of course the the scope will get widened, I think the Commission has recently last month. I guess they have come up with the draft for feedback for consultation. So I think that could be an interesting document to look at because based on that and the inputs, feedback from all stakeholders, the final technical screening criteria will come out. So you can have a look at which are which industries are then covered in, in, in the draft. Which I knew which are the new industries which have been left out, yeah.

187 0:45:50.890 --> 0:45:54.890

Parth Sharma

And this is a draft which has been like for these four areas.

188 0:45:55.630 --> 0:45:56.540

Interviewee\_02

Yeah, yeah, yeah.

189 0:45:56.750 --> 0:45:57.560

Parth Sharma

OK, OK.

190 0:45:58.190 --> 0:45:59.480

Interviewee\_02

Yeah, for consultation.

191 0:46:0.910 --> 0:46:3.900

Parth Sharma

OK. And like how much?

192 0:46:4.730 --> 0:46:13.590

Parth Sharma

A person changes is usually made in the final document as from the draft. Is it huge or it's usually 5 to 10% or something?

193 0:46:16.940 --> 0:46:17.480

Parth Sharma

OK.

194 0:46:15.500 --> 0:46:20.380

Interviewee\_02

I I don't know. I am not being the best place to answer that question.

## Interview\_02

Random information

Team formation for EU Taxonom

- 195 0:46:20.930 --> 0:46:21.270  
Parth Sharma  
OK.
- 196 0:46:23.90 --> 0:46:25.320  
Parth Sharma  
And then moving to the next question.
- 197 0:46:27.520 --> 0:46:28.40  
Parth Sharma  
Uh.
- 198 0:46:31.10 --> 0:46:39.750  
Parth Sharma  
What type of changes are required to be made by businesses? Which part need to make what kind of change specifically in these in the context of EU taxonomy and?
- 199 0:46:40.560 --> 0:46:41.50  
Parth Sharma  
Uh.
- 200 :46:40.810 --> 0:46:46.690  
Interviewee\_02  
Yeah, I think the the biggest change will be in the involvement of the finance team. Historically, sustainability reporting used to be a standalone or very disconnected from at least the finance.
- 201 But now the taxonomy requires reassessing your revenues and CapEx and OpEx into green and non green, sustainable, non sustainable. So therefore I think that's a big change, but then finance will need to work more collaboratively with Sustainability and legal departements to understand the compliance part and also to understand the sustainability part, sustainability people will need to understand the the financial aspects, the economic activities in the passcodes as you rightly mentioned, that's one big change.
- 202 Then I think the other other big change that I clearly see is that. When companies think of sustainability, they typically focus on, you know, 1-2 or a few areas but now, with a mandatory CSRD companies will cannot afford to look at only one aspect of sustainability and say they are sustainable and they agree they will need to look at are they doing any significant harm in the other areas and that's going to hopefully that will bring in a mindset change and how do you look at sustainability, yeah.
- 203 0:48:19.230 --> 0:48:21.710  
Parth Sharma  
OK, makes sense sense.
- 204 0:48:22.720 --> 0:48:25.690  
Parth Sharma  
Yeah, I think that brings us to the end of the interview.
- 205 0:48:26.740 --> 0:48:27.330  
Interviewee\_02  
Super nice.
- 206 0:48:27.890 --> 0:48:28.210  
Parth Sharma  
Yeah.
- 207 0:48:37.260 --> 0:48:37.540  
Parth Sharma  
Yeah.
- 208 0:48:28.450 --> 0:48:37.570  
Interviewee\_02  
Well, this is very very interesting. I think you are. You have embarked on something which is which everybody's grappling with. So yeah, super nice.
- 209 0:48:38.650 --> 0:48:39.20  
Interviewee\_02  
Yeah.
- 210 0:48:43.910 --> 0:48:44.230

## Interview\_02

Interviewee\_02

Umm.

211 0:48:39.170 --> 0:48:46.670

Parth Sharma

Yeah, I'm just having some interviews with other with come from companies as well. Like I yesterday I had an interview with a company called Firm\_01.

212 0:48:47.760 --> 0:48:48.200

Interviewee\_02

OK.

213 0:48:51.420 --> 0:48:51.640

Interviewee\_02

Yeah.

214 0:48:54.760 --> 0:48:55.200

Interviewee\_02

OK.

215 0:48:59.390 --> 0:48:59.750

Interviewee\_02

Yeah.

216 0:48:47.920 --> 0:49:0.410

Parth Sharma

It's, uh, it's a medical manufacturing company based in US, but it has a big manufacturing certain Denmark as well. I'm just trying to understand the big barriers which companies have right now and there are huge barriers.

217 0:49:1.230 --> 0:49:2.50

Interviewee\_02

Yeah, yeah.

218 0:49:7.460 --> 0:49:8.650

Interviewee\_02

Yes. Yeah.

219 0:49:9.740 --> 0:49:10.120

Interviewee\_02

Yeah.

220 0:49:2.120 --> 0:49:10.130

Parth Sharma

So just trying, let's let's hope that my work helps some some companies to at least start somewhere.

221 0:49:26.470 --> 0:49:26.770

Parth Sharma

Umm.

222 0:49:11.360 --> 0:49:27.310

Interviewee\_02

Yeah. And I think you know if you because the companies have already started to report on the TECHNOMY from 2021 and 2022, so it would be very, I guess it will be very helpful for you to look at what have the reported.

223 0:49:28.420 --> 0:49:28.840

Parth Sharma

OK.

224 0:49:27.870 --> 0:49:30.620

Interviewee\_02

Uh, I I'm the taxonomy, yeah.

225 0:49:39.940 --> 0:49:40.310

Interviewee\_02

Yeah.

226 0:49:41.640 --> 0:49:42.70

Interviewee\_02

They have.

## Interview\_02

- 227 0:49:31.640 --> 0:49:48.420  
Parth Sharma  
Do you have some specific companies which rules and will report? I can check on the Internet like I checked for Novo Nordisk, they haven't like they have specifically mentioned like they have specifically mentioned that this is the percentage of our.
- 228 0:50:3.660 --> 0:50:4.400  
Interviewee\_02  
Yeah, yeah.
- 229 0:49:48.660 --> 0:50:7.760  
Parth Sharma  
Uh, which is part of the CapEx, but we have not yet identified the because you see that they that the impact which they that the technical screening criteria for their sector has not been released for now. So they so they just have like a very small part of it.
- 230 0:50:11.20 --> 0:50:11.390  
Interviewee\_02  
Yeah.
- 231 0:50:7.990 --> 0:50:11.890  
Parth Sharma  
A related to you taxonomy, it's like two or three paragraphs in the annual report.
- 232 0:50:13.220 --> 0:50:15.40  
Parth Sharma  
So maybe it would be.
- 233 0:50:15.960 --> 0:50:16.280  
Parth Sharma  
Hmm.
- 234 0:50:20.340 --> 0:50:20.690  
Parth Sharma  
OK.
- 235 0:50:29.110 --> 0:50:29.510  
Parth Sharma  
OK.
- 236 0:50:20.750 --> 0:50:36.980  
Interviewee\_02  
You can refer to the 2022 report, page 26. You can also look at. I looked at the Carlsberg report. That's also quite interesting because then in Carlsberg they have referred to the the other areas beyond the climate.
- 237 0:50:37.510 --> 0:50:37.920  
Parth Sharma  
Hmm.
- 238 0:50:38.440 --> 0:50:43.150  
Interviewee\_02  
Mitigation adaptation. So that's quite interesting. You can look at Pandora's report.
- 239 0:50:44.150 --> 0:50:44.390  
Parth Sharma  
OK.
- 240 0:50:44.130 --> 0:50:46.340  
Interviewee\_02  
Ohm that's also quite interesting.
- 241 0:50:47.700 --> 0:50:52.410  
Interviewee\_02  
I think there are some other companies which are in the shipping space maritime.
- 242 0:50:53.510 --> 0:50:53.870  
Parth Sharma  
Hmm.
- 243 0:50:57.100 --> 0:50:57.370  
Parth Sharma  
Yeah.

## Interview\_02

- 244 0:50:58.870 --> 0:50:59.170  
Parth Sharma  
Yeah.
- 245 0:50:53.130 --> 0:51:2.310  
Interviewee\_02  
Uh, you can do some Google search. I think the more you see diverse sectors, it will give you the diversity of how companies have reported so far.
- 246 0:51:3.30 --> 0:51:4.600  
Parth Sharma  
OK, makes sense.
- 247 0:51:4.420 --> 0:51:4.780  
Interviewee\_02  
Yeah.
- 248 0:51:5.880 --> 0:51:6.300  
Parth Sharma  
Since.
- 249 0:51:9.750 --> 0:51:11.360  
Parth Sharma  
OK, then I will, yeah.
- 250 0:51:10.80 --> 0:51:17.780  
Interviewee\_02  
Excellent Parth I this is fantastic. Thanks for involving me in your study and I hope I did not.
- 251 0:51:17.860 --> 0:51:18.170  
Interviewee\_02  
Done.
- 252 0:51:18.560 --> 0:51:23.90  
Interviewee\_02  
OK, confuse you. I I hope this was useful.
- 253 0:51:20.910 --> 0:51:35.410  
Parth Sharma  
No, no, no, actually that the discussion was very, very important in like very thoughtful. For me, it has given me like you new insights and I will revisit all of the things so that I'm very clear of all of the terminologies which I use in policy papers because they are quite confusing.
- 254 0:51:36.550 --> 0:51:41.690  
Interviewee\_02  
Yeah, yeah, cool. And feel free to reach out if there's anything I can do, yeah.
- 255 0:51:42.920 --> 0:51:43.160  
Interviewee\_02  
Yeah.
- 256 0:51:40.330 --> 0:51:48.620  
Parth Sharma  
OK, OK. OK. If I have any questions, I will just message you on teams and feel free to message reply. OK, good luck with your PST, but bye.
- 257 0:51:44.80 --> 0:51:51.350  
Interviewee\_02  
Yeah, yeah. Yeah. Thanks. Yeah. Bye. Have thanks. Thanks. Bye. Have a good day.
- 258 0:51:51.780 --> 0:51:52.170  
Parth Sharma  
You too.