

04_GEA interview

- 1 0:0:0.0 → 0:0:1.550
Parth Sharma
Yes, it works perfectly.
- 2 0:0:2.990 → 0:0:3.270
Parth Sharma
Yes:
- 3 0:0:5.520 → 0:0:12.810
Parth Sharma
So I'm doing a thesis on how manufacturing companies can adapt to CSRD and EU taxonomy regulations.
- 4 0:0:13.510 → 0:0:25.920
Parth Sharma
And for this, I'm conducting interviews with different companies and trying to make a sort of how to guide which can be followed by companies and for a supplement station of these processes of these regulations.
- 5 0:0:28.80 → 0:0:28.870
Parth Sharma
And:
- 6 0:0:29.600 → 0:0:30.250
Parth Sharma
In the head.
- 7 0:0:31.300 → 0:0:58.270
Parth Sharma
A bit about me. I'm a master student at DTU. I'm doing the industrial engineering and technology and the master thesis project which I just told about and previously I have also worked as a guest student at Eindhoven University and then an exchange at EPFL in Switzerland, that which was in last winter last autumn semester. I'm originally from India and I have done my Bachelor's in production and industrial engineering.
- 8 0:0:59.440 → 0:1:14.530
Parth Sharma
And then I walked. And in India, I worked for three years as a process engineer in real in escoated by equipment division. And right now I'm working at GA as a in process in Powder Handling Department, sort of as a process engineer as well.
- 9 0:1:17.70 → 0:1:30.690
Parth Sharma
So the this meeting will be divided into 2 parts. So first will be an introduction to the project and just a small quick overview of CSRD and EU taxonomy. And I'm sure you have more knowledge on this than what I will show you.
- 10 0:1:31.480 → 0:1:34.930
Parth Sharma
And then I will jump to some questions and discussions.
- 11 0:1:38.390 → 0:1:49.940
Parth Sharma
So as I mentioned, the idea of the project is to make a step by step guide for a sort of a framework for GS, implementing CSRD and EU taxonomy regulations.
- 12 0:1:51.560 → 0:1:52.330
Parth Sharma
And:
- 13 0:1:53.20 → 0:1:53.390
Parth Sharma
Yeah:
- 14 0:1:54.180 → 0:2:0.830
Parth Sharma
And as you know, like CSRD, it's a mandatory reporting directive on the ESG matters for all of the companies.
- 15 0:2:1.520 → 0:2:2.460
Parth Sharma
And:
- 16 0:2:3.460 → 0:2:14.190
Parth Sharma
It uh, it it will come in effective from First channel to of 23 when the last companies will be reporting on 1st of Jan of 24 for the for this present year.
- 17 0:2:15.500 → 0:2:31.300
Parth Sharma
And it will be in a phased manner. So the so the larger companies will be reporting right away from 24 by the smaller companies have a leverage and those will be included from 25 and 26 year of in the future.

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- 18 0:2:32.30 → 0:2:56.800
Parth Sharma
And then it's a mandatory disclosure for reporting, double materiality, the scope 123 emissions. That is kind of opportunities and it is based upon the ESRS standards. So which is sort of a hybrid standard in which includes TCFD, TCI ASASP standards sort of like a mixed standards to for an international sort of hybrid standard I would say.
- 19 0:2:59.500 → 0:3:5.410
Parth Sharma
Edixon it's more of a classification system of green and non-green economic activities of the companies.
- 20 0:3:6.500 → 0:3:19.490
Parth Sharma
Is based upon 6 objectives of climate change and adaptation, sustainable use of water and marine resources, transition to circular economy, pollution prevention and protection of healthy ecosystems.
- 21 0:3:20.240 → 0:3:39.0
Parth Sharma
It is. It has two main terms which are important Utsunomiya as you know, taxonomy eligible and taxonomy aligned. So taxonomy eligible activities are the ones which contribute to at least one of this six objectives which is based upon the technical training criterias.
- 22 0:3:40.200 → 0:3:44.280
Parth Sharma
And then to be taxonomy aligned, it obviously has to be eligible.
- 23 0:3:45.220 → 0:3:47.270
Parth Sharma
Uh, can you still see my screen?
- 24 0:3:47.470 → 0:3:47.740
Interviewee_04
Yes.
- 25 0:3:48.870 → 0:3:49.280
Parth Sharma
OK.
- 26 0:3:50.980 → 0:3:53.970
Parth Sharma
The mistake and something happened. Ohh yeah, you just here.
- 27 0:3:55.10 → 0:4:0.530
Parth Sharma
Uh, and then it also has to be do not significantly harm the other objectives.
- 28 0:4:1.460 → 0:4:6.710
Parth Sharma
And then comply with the minimum safeguard principles. So all these are laid in the.
- 29 0:4:18.520 → 0:4:18.720
Interviewee_04
Yes.
- 30 0:4:7.990 → 0:4:22.30
Parth Sharma
Economy Regulation Delegated Act, which is released by by U. So I think the first act was released last year. I'm not wrong. And then the second second set is view this June.
- 31 0:4:22.530 → 0:4:22.820
Interviewee_04
Umm:
- 32 0:4:24.320 --> 0:4:37.550
Parth Sharma
OK. So yes, jumping onto the questions, so we can start with sort of a short introduction about yourself and how you have like how long have you been working with you taxonomy, what's your background? Current role.
- 33 0:4:39.700 --> 0:4:40.540
Interviewee_04
Yeah, of course.
My name is Sarah Formann. Perhaps start with my CV from Firm_04? I just started about one year ago at Firm_04 and initially in the finance department, so I was a project manager for upcoming finance project for the entire group and my first project was the EU taxonomy. So we had already a team in place which was compiled of. Accounting controlling our sustainability apartment and me as to say to work on the EU taxonomy and I was the project lead for you taxonomy and the implementation in Firm_04. Before

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that I was working for over 10 years with Deloitte in the audit in the annual reporting. Mana, as to say ordered insurance projects.

34 So the background was clearly finance and one step further back I studied international business in Masters in the Netherlands.

35 So that's to say, for my background CV vice and at the moment or actually two days ago I am switched or I transferred from the Finance department into the Sustainability Department and because we opened up a quite huge sustainability. But department, which will have about 13 team members including our CSO, 19 Sterling, our Chief Sustainability Officer. And so we're setting up the State Department at the moment and I have the function of a senior manager, sustainable finance. So I'm occupied with all the finance topics, all the reporting related topics and when new regulations come up.

36 And I'm responsible for screening them and implementing them into the Firm_04 organization.

37 0:7:5.960 --> 0:7:15.630

Parth Sharma

Hmm. OK. And as part of the new rule, do you also work with the CSDR or it's some other department or other team which is working on this?

38 0:7:15.900 --> 0:7:22.370

Interviewee_04

Of course the CSDR is my responsibility as well. But you always have to keep in mind that we compile and we are compiling always project teams and which are set up from the accounting department controlling mostly also investor relations because they have a huge and very deep knowledge about the product and the product portfolio and what the investors want and what the capital market says and sustainability. Because from sustainability we get the very technical expertise and the translation of the regulation into like, easy to understand words for our operations and for our divisions and accounting of course has to work on the numbers and will be retrieve the numbers and controlling as the function in our product team to mainly set up a process and perhaps tools or applications to our systems. So we can get the information, the data easily out of the system. And for the EU taxonomy, that works pretty well because honestly, EU taxonomy is quite complex, but when you understand it, it's quite easy to follow because you have like clear classifications, clear requirements and either you in or out. And for the CSDR it's more complex because we are at the moment **engaging with an external consultant** to help us on the project because it's quite complex to understand the concept of double materiality, to understand what is required to assess if we are fulfilling the ESRS UM so we have uh, we have help with that. But that's a project we have just started like one month ago for the CSDR. So probably I cannot tell you a lot about that, but I'll try.

39 0:9:31.10 --> 0:9:32.190

Parth Sharma

OK, no worries.

Moving on to the next question.

40 Uh, do you already have some kind of a framework or a step by step process for you? Taxonomy or CSDR in place?

41 And we can talk a bit about it.

42 0:10:3.190 --> 40

Interviewee_04

43 No not yet, because the EU Taxonomy and CSDR are quite new. What we did is we have been setting up an internal process for calculation of the EU taxonomy KPIs because it what was worth it, because the process will be yearly, annually the same and despite some tiny adjustments and probably but the concept of the process will be the same. The responsibilities will be the same and so we haven't had a framework which was like given or which was like market standard because I believe that there is none.

44 But we set up our own process so that we say, ok so when do we start with the EU taxonomy assessment and do we have to screen the whole product portfolio? Or do we just focus on specific areas and who is involved, who has the obligation to request data, who has the obligation to send data, all these kinds of roles and responsibilities and somehow a timeline we have set up in the process?

- 45 And for CSRD I can say we don't because we are at the moment just understanding the concept, understanding the directive, and then I. But I assume we will have that in place like end of year or beginning of next year. So that we set up an internal process.
- 46 60 --> 0
Parth Sharma
OK, sounds good. Uh, you mentioned that you have already set up some KPI calculation process for internal process for EU taxonomy, right? Do you also see some overlap between these KPIs from EU Taxonomy to what is required to be reported in CSRD?
- 47 30 --> 60
Interviewee_04
Yeah, absolutely. Especially when you look into the DNSH criteria from the EU taxonomy, you find a lot of overlap, I would say. For example, the topic of biodiversity is intercorrelated in between EU taxonomy and CSRD. And I think a good recommendation is for every company who is implementing EU technology for the first time is to really be concerned of what biodiversity means to the companies so that you're telling the same story in every directive and in every regulation, because we had some problems or some troubles to really classify- What do we stand for in terms of biodiversity? How can we address the do no significant harm criteria in a very high level management approach because the the pitfall I say is that when you look at the DNSH criteria that you go in too much into detail about what is the product I want to claim as taxonomy aligned and do we have a climate risk assessment for Appendix A, do we have a water strategy for Appendix B? Can we say that in the product there are no certain chemicals or certain materials included, you know it's very it's very, very complex if you do it like that. And our approach was to for every appendix and to go for like a high level management approach. So what did we do we said.
- 48 For example, for the biodiversity, we have an environmental management policy which is in place there we have declared our core values or biodiversity, and then we just looked for the product. We claimed taxonomy aligned. If they are near or in biodiversity sensitive areas and if they were not, we were fine. You know, it's like a Step by step approach, I think you have to follow for the do no significant time criterias, because otherwise you're overloaded with work and with very detailed work.
- 49 Parth Sharma
OK. So it's it's stirred up moving from the regulations to towards your product. It's better to maybe look at the products and then see the regulations or is this the other way around?
- 50 0:15:3.390 --> 40
Interviewee_04
It should be the other way around. It should be am like in. In our opinion it should be like OK what do you think about biodiversity? What do we have in place? Like policies, controls, whatever and do they cover the requirements which are set into Appendix D for example?
- 51 And same thing for Appendix C which is for chemicals. What do we have for policies and regulations internally in place? Do we have internal controls about the REACH process, for example for?
- 52 Including a certain chemicals into our production and we've if we have then Appendix C should be fine as well because it is combined with our general terms and the code of conduct for suppliers, which includes the regulations or the restrictions with which are set in the Appendix C so that you don't have to look in every product to see if this specific product fulfills all the requirements from the appendices.
- 53 60 --> 10
Parth Sharma
Now it makes sense, yes.
54 00 --> 70
Parth Sharma
So here are some of the barriers which I did found based upon my literature review of different papers. When we implement new changes or new regulations and accompany, these are the usual things which pop out for for different organizations. Can you relate to

..CSRD Barriers
..EU Taxonomy Barriers



some of them and maybe talk a bit about your personal journey of implementing your taxonomy and CSRD.

HAMBOL

Questions and discussion-3

Here are the some barriers organizations generally face in implementing new regulations / changes. Can you relate to some of them and talk a bit from your personal journey of implementing EU Taxonomy and CSRD ?

- a. Translating the policy into organization specific context
- b. Internal resistance from teams
- c. Lack of right team and people to actually lead and experts to lead the projects
- d. Priority area different ? (based on economic environment)
- e. Lack of awareness within employees
- f. Poor internal coordination between teams ? (lead to poor data management)
- g. Lack of a robust data management system ?
- h. Integration with existing reporting systems being follows
- i. Something else... ?

56 40 --> 0:17:3.740

Interviewee_04

57 A.

Let me check so the translating the policy into organization donation Pacific context. That's what I said earlier. **That's a that's really a tough one** because you have to talk about you have to talk with accounting controlling and all these corporate functions who have no specific knowledge about like technical specifications of products. So you have like on the one side, you have especially at Firm_04, you have the engineers and on the other side you have the very high level corporate functions and yeah you somehow have to join them in a common sense, in a common speech so that everybody understands what what we want from them and therefore it was good to have in our team, in our corporate team, someone with a technical background like an engineering background but who works in Sustainability department. So he like as to say could speak both languages.

58 B.

We didn't. We didn't face any internal resistance, but this is due to our **very open communication and very forward and forward oriented communication** because we said in I think last year with our mission announcement that sustainability will be a topic and sustainability initiatives will come more and more. So the whole organization was somehow sensitive about sustainability topics. And I think what's very crucial is that the management stands behind it, that the management always says sustainability is our focus and we as a team have to focus on sustainability and this is appreciated by the management because otherwise the problem is that you have people or engineers who are working in operational in their day-to-day operational work and then they have to add sustainability requests and that becomes an issue. But when the management is behind it and when the management says OK leave out some of your operational stuff and do sustainability. Then it's gonna be fine, but otherwise you they they will be overloaded and that was luckily for us not the case and.

59 E. Umm, what else.....Lack of awareness. That's the same thing.

60 G.

Yeah, the letter **G lack of a robust data management system**. We have that challenge as well and I think a lot of big companies has as well because we donot have one ERP system ,we will be there in like 3 years, I would say, but we don't at the moment we don't have one ERP system. So we cannot just push the button and say OK, get me all the sustainability data and and then I'm calculating but we really had to communicate with every division and with every business unit and they're in different people to get the data we wanted and that does not only for the you taxonomy, that is also for the CSRD that is, but that's also for scope 3 emissions calculations. So we always have to really interact with the with the people and cannot unluckily push a button

61 But we have set up last year for EU taxonomy like an Excel template with which had macro , a programming behind it and was linked to some of our SAP tools so that we at least get the some of the data out automatically for example, revenue, certain revenue streams and for products we clearly defined as taxonomy aligned. And as well As for, for

Random information

..CSRD Barriers
..EU Taxonomy Barriers

Random information

Random information

- example leasing or huge real estate projects. And these were data which we collected over the system into this Excel template and then the divisions had additionally the chance to insert manually certain costs or OpEx, CapEx, OpEx. Revenues, which were not included in the automatic system the data request
- 62 And we had several learnings with the responsible controlling guys from our divisions who had to fill out this template and we had like hand outs and so the effort we did in advance to train them how to use this Excel template, what's quite huge but it worked, so that was good. And this year we will even automate the process more because we are directly linked to SAP.
- 63 Umm, yeah. So we are developing that. It is as least work as possible and therefore also Robust data, but not so many manual Interceptions you know, because manual interceptions have the risk of yeah delivering bad data or false data.
- 64 Yeah, that's what I would say for that.
- 65 20 --> 0
Parth Sharma
Alright. And anything else which you could recall you faced as a barrier when you were on a journey for your taxonomy last year?
- 66 90 --> 90
Parth Sharma
How did this year and CSRD?
- 67 40 --> 0:24:6.910
Interviewee_04
Yeah, the problem with the EU taxonomy is that some of the criteria or no some of the economic activities actually are not very clear and not very good defined. The substantial contribution criteria and the taxonomy aligned criteria which are in certain activities were, gave much room for interpretation as to say because, the wording was quite misleading sometimes or left open like a huge room for interpretation. And So what, for example, what is substantial? Is it 10%? Is it 50% improvement and how do you define it? And that was the pitfall and that was the frustration honestly.
- 68 You had with the EU taxonomy. And other companies said that as well, that it's not very clear and not very specific.
- 69 So that Causes frustration that causes sometimes double work because you have to look at a certain activity from different point of views and there is no aligned opinion from the Big Four from the auditors. So every auditor you were asking said something different or would handle a topic differently. So it's either luck or no luck.
- 70 For a certain activities that was, yeah, that were the points we pointed out. Also in our debrief with our auditors, we said that that was a shortcoming of the EU taxonomy, not of them, but the EU taxonomy itself and of course that they have been changing the delegated act and the criteria constantly. And until, yeah, until June and for this year, for example, the delegated act for the environmental objectives 3 to 6 have been, yeah, have been changed a lot the last month and they looked totally different than the the activities or the criteria for Environmental objective 1 and 2. So you can't really relate on the process you have done with environmental one and two, but you have to think differently and the wording is different. The numbering is different. The structure how they define the EU taxonomy and alignment and eligibility is totally different. So that's yeah, that's really a poor implementation from our point of view.
- 71 And for the CSRD, I can't, really say unfortunately because first it's quite new to us and we are quite in the beginning of the process and a second, we have an external consultant which is answering all the questions we have, so that's a good one, but obviously it cost us money. So and the aim would be to have them on board this year and then walk ourselves through the CSRD.
- 72 80 --> 0:28:0.190
Parth Sharma
And for that taxonomy did you have an external consultant as well or is for just you who were battling the regulation?

.CSRD Barriers
.EU Taxonomy Barriers
Random information



Random information
Critism / barriers with cons



External consultants involvement



External consultants involvement in



External consultants involvement in project

73 0:28:0.490 --> 20
 Interviewee_04
 And when I started last year at Firm_04 and in the project, we initially had an external consultant because there was obviously someone missing who's steers and monitors and controls the the project or manage the project and but we Cancelled our agreement about one month after I started it because we both like the external consultant and we, said that we have been set up in this project so well that we can walk by ourselves and we can work by ourselves and used the external consultant as a sparring partner once in a while, but we did it by ourselves then because as say, the EU taxonomy is quite technical. And and you really have to understand the business and the products, the Firm_04 products and therefore the external consultant couldn't really help because the main work was to get in touch with the engineers and the technicians to see if a certain product fulfills the requirements of EU taxonomy and an external consultant couldn't help with that.

74 50 --> 90
 Parth Sharma
 Let's move on to the next one.
 So like you like what you were mentioning that the rest of the three to three to six delegated acts, they are out like there would be out in June this year. So how do you see the impact happening on Firm_04 and how would you assess the impact of the of these delegated acts?

75 Interviewee_04
 We already worked on the preliminary of the draft because we want to know or what will be there in these delegated act and in these environmental objectives 3-6 I think in March (started to look at the drafts) and to see if there's any thing which is applicable for us and we screened it and now in June we will again sit down at a table again and see or look at our preliminary assessment. Then look at the final draft of the you taxonomy 3 to 6 and then compare if anything changes. But honestly for the manufacturing sector there aren't really a lot activities which are applicable.

76 We are mostly an enabler for the activity 3.6 which was in the environment, left chapter one and and for the environmental objectives 3 to 6 we have one major part, which is spare parts the and repair, which will be applicable for us and the other ones, yeah, may be applicable but we are focusing on on the spare parts and like.

77 Parth Sharma
 78 If I remember correctly, Firm_04 does also deals with pharmaceutical companies?

..Effects of CSRD on businesses
 Impact of EU Taxonomy and CSF

79 0 --> 20
 Interviewee_04
 We only build machines for UM Yeah, for for preparing medicine, or I think mostly the pills like little pills. And so the machines are then again not included in the environmental objectives to six because it's just for companies who are actually producing pharmaceuticals. And we are just setting up the machine. So we are we are out.

80 70 --> 90
 Parth Sharma
 OK,
 So like when you were assessing the effect of these delegated acts from March to let's say June, you mentioned the what is the strategy which you are using for the assessment?

..CSRD Gap analysis/assessment

81 50 --> 00
 Interviewee_04
 It was mainly the same As for the environmental objectives one and two. We sat together in the same team. We looked at the at the preliminary at the draft. And we brainstormed within the team, which products could fit into certain activities or which activities apply apply to our business, to our operations and then what we will do in June is to discuss further, the product we picked out in our first brainstorming with the technicians and the ENGINEERINGS and the divisions and views to be quite certain that we fulfill certain criteria from the EU taxonomy. So mainly the same process, then for the environmental objectives want to one and two.

..EU Taxonomy around framework

82 10 --> 40
 Parth Sharma

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..EU Taxonomy around framework

OK. Sounds good. So moving on to the next, yeah.
Just maybe briefly again, can you just walk through the process of EU taxonomy
which you are currently following?

83 0:34:0.60 --> 50

Interviewee_04

Umm yeah, I can do a little bit recap what I said before. So mainly what we will be doing is we will set up a project plan, a time plan with our auditors. I think they will start around October or November with their work and then in parallel we will set up or first we will screen the results from our assessment for the environmental objectives one and two and for the final assessment for the environmental uptake 3 to 6 and we will calculate our revenue, OpEx and CapEx through the new tool which we are actually at the moment implementing.

84 And then we have to do like an internal dry run. If the tool is working properly. If the data which comes out of the tool and the KPIs which will be calculated automatically if they fit and do some sanity checks and that's basically it. Then we're waiting for the auditors to pick out their sample, which they pick out mainly in terms of quantity, like mainly the highest, the highest revenue streams for example. So the highest CapEx and OpEx, they will look at that. And then provide them with the data and with the calculations and with some other proof they will be requesting. And yeah, that's.

85 And then we have to write the non financial declaration we have like one part of our for the EU taxonomy and our non financial declaration which will be published around always around end of March mid of March. And so that's what we have to do in yeah in the first or in the second week of March to write the abstract for EU taxonomy and that's basically it.

86 80 --> 20

Parth Sharma

And you mentioned about this new tool of EU taxonomy, is this the same?

87 The one you mentioned before about the Excel template with the macros and linking it to SAP. Or is it some different tool?

IT systems/Digital systems

88 00 --> 70

Interviewee_04

No, it's yeah, what I mentioned earlier, the Excel template is what we used.

89 For the financial year 22.

90 Umm. And for this year, for the financial year 23, I mentioned that we are elaborating on the EXO template and will have like a dashboard and a tool which is directly linked to SAP and which calculates the EU taxonomy KPI automatically. So it's a yeah, it's a more robust data tool as today.

91 20 --> 80

Parth Sharma

Yeah, makes sense.

External consultants involvement
..CSRD around framework

92 And what about the CSRD? How? So you mentioned that the external consultant is leading the project for implementing the CSRD and what is the role of the other team members in doing so and how is it going for you as of now?

93 0 --> 00

Interviewee_04

Umm, we set up a timeline and a project road map as to say with our external auditors, which was in March, I think we started and the first step was to validate the materiality analysis because we had already done the materiality analysis of certain topics which are important for Firm_04 in 2021 Aligned with the CSR Rook because that was the delegation in Germany.

94 Yeah, which was active like before this years Rd. It was like a preliminary CSRD light as to say and in alignment with that, we have set up the materiality analysis and now we have based our further work at the moment based on the materiality analysis we did in 2021 And and actually we have been setting up like Excel templates for every ESRS , to figure out

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External consultants involvement
..CSRD around framework

what are the internal and external stakeholders, to figure out what is Firm_04's impact, then what are the risks, the financial risk, what are may what may be the opportunities like everything you have to do in the in the double materiality assessment for every ESRS, we are currently in this phase to setting these up.

95 And our first draft will be then discussed with the responsible Firm_04 colleague, for example, for I don't know talent retention and acquisition, we will talk to HR for biodiversity. We will talk to QHD because they're responsible for that topic, so that will be that will go further into the organization, then we will have like a sparring and dates with our external external consultant. And then when we are all on the same page and the the whole organization has set up what is important in terms of the materiality and which topics we are focusing on, then we will dig deeper into the individual ESRS to see what are the certain requirements and do we fulfill them what Do we need to fulfill them and how do we have to? Yeah. How how can we implement them?

96 And that should be that should be finalized like in November probably.

97 0:41:1.680 --> 0:41:3.450

Parth Sharma

I can see some hectic months ahead.

98 0:41:3.850 --> 0:41:4.450

Interviewee_04

Yes.

99 0:41:7.940 --> 50

Parth Sharma

Yeah. And like you mentioned that a lot of terms so about opportunities and risk, which are already in CSRD, but I think I also went through the sustainability report of Firm_04 last year and there I could see that it's already following some existing standards like GRI TCFD.

100 70 --> 10

Interviewee_04

Yes.

101 00 --> 0

Parth Sharma

Right. So when you are already following these standards before as well, jump into CSRD, is it like a huge difference or does this pre homework kind of situation helps you in moving to the next step of CSRD?

102 10 --> 30

Interviewee_04

It's yeah, it definitely helps us because first the the whole team and the Firm_04 community itself is sensitive about that, that topic. They know what all these kinds of terms are like and Like robust climate climate assessments, they know what they will have to do .

Random information

103 But the TCFD and the GRI etcetera, and only cover like a portion of CSRD, so it will help us in certain areas, but definitely not in all areas ,but our aim is also to streamline the the topics which are addressed in the certain regulations like EU taxonomy, CSRDand especially for topics which have overlap. We talked about that earlier to leverage on on the synergies we have, obviously, yeah. So that really helps, yeah.

104 0:43:4.40 --> 50

Parth Sharma

Umm. And like you already know CSRD has a new annoying thing called digital tagging Of the data. So how how do you have a plan for that and how would you, how can you see an interpret digital tagging of information in the reports. ?

..CSRD digital tagging

105 10 --> 40

Interviewee_04

Well actually it it is part of the of the project we are doing with our external auditor and but and I'm honestly thinking that the tagging will be a side project out of the CSRD. Because it's so huge and it's so complex that mainly accounting will be responsible for that because we did the tagging for I think for our main annual report.

- ..CSRD digital tagging**
- 106 Last year or the year before, I think last year and that was a huge project because they were like, I don't know, several 100 tags which had to be specified, which had to be assessed if they apply and which passage of our annual report fits to that tag. So that's a project we will take out of the scope of this CSRD from our side and accounting will be responsible for that. But they will build on the results we have from our yeah, from our project obviously.
- 107 30 --> 60
Parth Sharma
OK, that's a good idea.
- 108 0 --> 90
Parth Sharma
And then moving on to the next question.
- 109 Do you see a link between electron and CSRD implementation? I misspelled the word. I'm sorry for that.
Let us start with the first one. Do you see a link between these two and?
- 110 A sort of a common framework for these two, or it's more like just five or 10% overlap between these two?
- 111 40 --> 10
Interviewee_04
Yeah, I think I think we have some overlap for the EU taxonomy and this year's ID in certain areas like the, you know, significant harm biodiversity especially for the human resources, like, UM, minimum safeguards in the EU taxonomy. So we have these overlaps, but I think the EU taxonomy is like Really focusing on revenue, OpEx and CapEx, so more financial classification and CSRD is taking it one step further and digging deeper into the whole Impact assessment. And so it's good when you have EU taxonomy in place because you can really rely on that when you are implementing the CSRD.
- 112 But I think it's perhaps like 10% at most Overlap.
- 113 50 --> 80
Parth Sharma
By the way, I had a small question in mind for you taxonomy. I remember there is this helping tool called you taxonomy Navigator and EU taxonomy calculator. Have you tried that and how effective have you seen that to be?
- 114 40 --> 50
Interviewee_04
Umm, no, we haven't tried it because honestly for the you taxonomy that was quite straightforward and we had really good really good project team and we made really good progress and didn't have so many questions. So we didn't use that.
- 115 Umm. And I honestly don't know anyone of our peer groups in a manufacturing sector and who have used that.
- 116 So probably it's not really helpful.
- Link between CSRD and EU Taxonomy**
- Random information**
- 117 20 --> 0
Parth Sharma
OK, OK. And do you see some kind of a framework building around separately around EU taxonomy and CSRD?
- 118 Yeah, regulations. And how would you Visualize this framework for both of them, like independent and for separately.
- ..CSRD around framework**
- ..EU Taxonomy around framework**
- Random information**
- 119 90 --> 0:48:1.180
Interviewee_04
I think it's quite hard to put these two together because. When I'm thinking internally in a process, wise and. I wouldn't Have a process which covers EU taxonomy and CSRD in in one process. Because it's so different actually and because the scope is totally different, the focus of the tools like the like, the scope in terms of who am I to address internally is very different for the CSRD as for the EU taxonomy. And the complexity of the tooth is different. So do you. Taxonomy is quite straightforward. It's CSRD is more complex and more high level and so I couldn't imagine a process which covers the both and therefore I couldn't also Imagine a framework or a guide book that covers both of these.

.CSRD around framework
..EU Taxonomy around framework

EU criticism on EU taxonomy and CSRD

External consultants involvement in

Random information

- 120 0:49:4.330 --> 0:49:4.750
Parth Sharma
OK.
- 121 0:49:5.790 --> 60
Interviewee_04
It would be great, but I mean the FAQ's which were released like in December 2022 for the environmental objectives one and two they helped honestly because they clarified some major questions which were yeah, flying around the industry.
- 122 But that that could be a help, but honestly, I think when you're setting up a delegated act or regulation like that and being the EU Commission, you should think forward and incorporate all the questions into the regulations so that there are no questions in the end. And so I think it's a quite poor implementation process. They have shown us there.
- 123 0:50:2.230 --> 0:50:3.330
Parth Sharma
The last question. Yeah, you already answered these questions about the external support from the consultants, right? And how did you see them motivation for? Having these consultants? Was this like a lack of resources at your end? So because these consultants are expected to have more knowledge on these areas and instead of having a full time employee fully invested in understanding that these regulations was that one part of it or it was some other motivations which you had for hiring a consultant for CSRD specifically?
- 124 40 --> 0:51:0.780
Interviewee_04
And for the CSRD, The thing is that we think that we don't have the expert knowledge and the expertise already in place to cover the CSRD and the complexity of the CSRD in that short time like we want to. And although I'm now in place and I know I have the role of the responsibility for these, for these reportings and it's very new -EU taxonomy the CSRD and then we have several ratings. Where we have to fulfill certain criteria. So it's a lot at the moment which is released by the EU Commission and therefore no, we didn't have the time to build up the expertise in that area. But the focus is always at Firm_04 to have if you're You have to have an expert which you were hiring externally. We have the goal to get the expertise and to build up the knowledge to run for ourselves in the next year or in the next period. Because we don't want to be dependent on external consultants.
- 125 20-->10
Parth Sharma
Sounds good and I think that's the end of the meeting.
- 126 50-->00
Interviewee_04
OK.
- 127 50-->40
Parth Sharma
And:
- 128 10-->60
Parth Sharma
Uh, thank you again for your time and.
- 129 0-->30
Parth Sharma
Your deep insights on your experience working with these regulations, and I think I have some good inputs for my project.
- 130 00-->30
Parth Sharma
Yeah.
- 131 20-->60
Parth Sharma
Yeah.
- 132 50-->80
Parth Sharma
Yeah.
- 133 20-->30
Parth Sharma

- 134 OK.
90→90
Parth-Sharma
OK.
135 90→20
Interviewee_04
OK. Perfect that that was the aim. So no problem if there are any questions along the way, just send me an e-mail and we setting up a call or something and that's no problem.
136 80→50
Interviewee_04
OK.
137 10→60
Parth-Sharma
OK. Sounds good. Yeah. OK.
138 90→80
Parth-Sharma
You too.
139 30→10
Interviewee_04
Then have a great day and good luck with your thesis.
140 →90
Parth-Sharma
Thank you.
141 60→70
Interviewee_04
See-ya. Bye.
142 80→70
Parth-Sharma
Bye-bye.