

05_Interview

- 1 0:0:0.0 --> 0:0:0.660
Parth Sharma
Perfect.
- 2 0:0:0.780 --> 0:0:1.550
Parth Sharma
It works fine.
- 3 0:0:1.820 --> 0:0:2.370
Parth Sharma
Yeah.
- 4 0:0:2.640 --> 0:0:3.190
Parth Sharma
Yeah.
- 5 0:0:3.130 --> 0:0:3.410
Interviewee_05
Right.
- 6 0:0:3.450 --> 0:0:7.460
Parth Sharma
So yeah, I'm a student at the at TU and more Technical University.
- 7 0:0:8.200 --> 0:0:15.880
Parth Sharma
And I'm doing a master thesis project on how can manufacturing companies adapt to CSRD and Utsunomiya regularly?
- 8 0:0:17.400 --> 0:0:19.850
Parth Sharma
So yeah, just a.
- 9 0:0:20.880 --> 0:0:21.170
Interviewee_05
Hmm.
- 10 0:0:22.540 --> 0:0:24.510
Parth Sharma
I'll small introduction about me.
- 11 0:0:24.560 --> 0:0:28.510
Parth Sharma
So I'm a student in industrial engineering and technology at DTU.
- 12 0:0:28.520 --> 0:0:31.680
Parth Sharma
I'm doing my master thesis and it's in collaboration with Ramboll.
- 13 0:0:33.310 --> 0:0:38.480
Parth Sharma
Before that I have been a guest student at Eindhoven University for an for an innovation project.
- 14 0:0:38.490 --> 0:0:47.960
Parth Sharma
I have done an exchange semester at EPFL in Switzerland last autumn and then I have done some academic projects with companies like Jr Lego and hold it up.
- 15 0:0:47.970 --> 0:1:7.300
Parth Sharma
So and I did my bachelors in India in production and industrial engineering in 2014 to 18 and then I'm presently working with a student assistant in a company called Jia Process Engineering and I vote for three years before starting my Masters in India as a process engineer.
- 16 0:1:9.100 --> 0:1:14.630
Parth Sharma
So yeah, so they're just a small agenda for today.
- 17 0:1:14.680 --> 0:1:25.890
Parth Sharma
I will give you a small introduction about the topics and I'm sure you know much more than I will present you in one slide and then we can jump to the question and answers question and discussion. Sorry.
- 18 0:1:26.190 --> 0:1:26.420
Interviewee_05
Sure.
- 19 0:1:27.880 --> 0:1:30.470
Parth Sharma
So what I'm what we must thesis is about.
- 20 0:1:30.480 --> 0:1:52.50
Parth Sharma

05_Interview

- It's about building a sort of a step by step guide for or a framework for companies to implement CSRD and EU taxonomy regulations, so they are pretty new right now in the environment you have a recently released them and companies are struggling to how to translate them for their own cases and then how to implement them.
- 21 0:1:55.190 --> 0:2:0.250
Parth Sharma
So I shot a introduction about CSRD.
- 22 0:2:0.260 --> 0:2:13.500
Parth Sharma
It's a mandatory reporting directive on the ESG matters and it came into effect as of 1st January and so the companies which were earlier under NFID, the big companies, they would be.
- 23 0:2:22.780 --> 0:2:23.20
Interviewee_05
No.
- 24 0:2:15.170 --> 0:2:29.420
Parth Sharma
Reporting and disclosing as per seared CSRD in from first of on 1st of January 2024 and it encompasses non European companies as well which are listed on the European markets with over 500 employees.
- 25 0:2:29.700 --> 0:2:40.840
Parth Sharma
So we're NFR D had like 11,000 companies under its scope, the scope has expanded in CSRD to around 50,000 companies in the U uh so.
- 26 0:2:45.710 --> 0:2:46.0
Interviewee_05
Yeah.
- 27 0:2:40.850 --> 0:2:50.900
Parth Sharma
And it will also include the SME 's as well, which would not earlier. The part of an FRD and it's a mandatory disclosures.
- 28 0:2:51.450 --> 0:3:8.930
Parth Sharma
Disclosing directive and it will require companies to report on their double materiality their scope, 123 emissions and their risk and opportunities like primarily and then the framework which which CSRD will be following is the ESRS standards.
- 29 0:3:8.940 --> 0:3:9.880
Parth Sharma
You might have heard about them.
- 30 0:3:10.930 --> 0:3:12.90
Parth Sharma
Uh, there are 11.
- 31 0:3:16.170 --> 0:3:19.560
Parth Sharma
And yeah, and about a few words about you taxonomy.
- 32 0:3:19.630 --> 0:3:23.540
Parth Sharma
It's a classification system of green and non green economic activities.
- 33 0:3:24.250 --> 0:3:42.200
Parth Sharma
It is primarily based upon 6 objectives of climate change and adaptation, and then it's about sustainable use and production of water transition, transition to circular economy, pollution prevention and control, and protection to healthy ecosystems.
- 34 0:3:42.320 --> 0:3:49.210
Parth Sharma
So there are two main terms in your taxonomy, which is you, the taxonomy aligned and taxonomy eligible terms.
- 35 0:3:49.500 --> 0:3:59.550
Parth Sharma
So taxonomy eligible means if economic activity is contributing to one of these six objectives based upon the technical screening criteria which we have.
- 36 0:4:0.470 --> 0:4:7.380
Parth Sharma
And once it is eligible, then we move on to checking out if it's economy aligned or not.
- 37 0:4:14.190 --> 0:4:14.390
Interviewee_05
Right.

05_Interview

Interviewee background information

- 38 0:4:7.390 --> 0:4:16.640
Parth Sharma
So it should be eligible, but then it should also not significantly harm the other objectives and also comply with the minimum safeguard principles.
- 39 0:4:17.490 --> 0:4:25.340
Parth Sharma
So you might have heard these things a lot of times in the past few years when you, when you were working on the days, maybe.
- 40 0:4:26.970 --> 0:4:31.370
Parth Sharma
So yeah, just uh questions and discussions.
- 41 0:4:31.380 --> 0:4:34.340
Parth Sharma
So maybe now we can start with a short introduction about yourself. What is your background and how long have you been working with Firm_05 and in and around sustainability and ESG reporting topics?
- 42 0:4:44.630 --> 0:4:49.650
Interviewee_05
Yeah, I mean, I hope you're happy to give you some background to know what I can help you with and whatnot. Especially like I have a background in public administration, so I've been doing a ton of EU law.
- 43 So that's sort of my academic background and that's actually when I moved into working with ESG ratings for a while. what are we work out with reporting and moved last year to Firm_05.
- 44 Having been start working in this intersection between essentially EU regulations and ESG topics, which currently the CSRD is, I mean one one of the ones that we also seeing a lot of movement, uh, so just to refer back to your previous slide on the csrd.I mean it's in effect will be the sort of the first reporting as far as I'm aware we've been 2024, so 2025.
- 45 So one year, one year in the future.
- 46 0:5:51.140 --> 0:5:51.970
Parth Sharma
I think you are right.
- 47 0:5:51.140 --> 0:6:5.280
Interviewee_05
Now, because I think if you were only right only now, so finalizing the standards which will be done around, we are expecting around summer and then over to summer autumn, there should be much more.So material from the EU side essentially on how to do it, because that's that's also something which often companies struggle right now and they're lacking because most of the materials which are currently available are essentially are made for people like me who know the EU lawl all but they they, they your Commission has communicated that they are working much more on essentially creating much more readable and accessible materials.
- 48 But we have first to first have to finalize the standards, right? So I mean great also to see that you're working on this, I mean this is a good topic and it will only get bigger, right?
- 49 I mean, this is a paradigm shift. It's it's huge,ambitious.
- 50 But we also see that other geographies are doing something similar like so for example, you know the US has a proposition for climate disclosure, which is similar to the previous regulation NFRD, right. So they are like 10 years behind, but in 10 years they would be, if they keep up they in 10 years, they will be also implementing something like this.
- 51 So I think you know, yeah, just wanted to sort of save it a great to see you. So working working this space because this is this is this, this is just exploding right now and it will only get bigger and more important for companies, especially as another like thing is that you know what the EU is doing is adding those requirements to it.
- 52 Right, but the taxonomy is integrated into the CSRD and we can expect that any future regulation which is the EU makes can be also integrated there. I mean, I don't know, like a lot of sort of the Danish and Scandinavian companies or general leaders in this. And we

05_Interview

Interviewee background information

are like really good with reporting.

53 So yeah, I just wanted to say that just professionally. I'm super happy to see sort of the the work in this area.

54 Because yeah, it's super needed. And we have seen historically where companies sort of ignore this topic with you regulations and then you know it it created problems for them in implementing it in those on the last days. So yeah, that's just wanted to say that.

55 0:8:28.360 --> 0:8:36.40

Parth Sharma

And also like in Denmark specifically, this is a very hot topic in lot of even universities are collaborating with companies to help them out in this area as well. So let me start by the second question. How does Firm_05 support its clients on these projects of your taxonomy and CSRD implementation presently.

56 0:8:52.320 --> 0:8:54.380

Interviewee_05

Uh, so I it's going to be difficult for me to answer that because you know a lot of our work is confidential and I'm not explicitly the trained to communicate externally what we do and what we don't do. So essentially I would have to be on the safe side right here so I can give you some others, but uh, I essentially just have to be conscious.

57 But you know I'm an analyst. I'm not tasked with external communication.

Uh, So what I can definitely say alright with so, because Firm_05 as BCG and Bain, do like strategy, right, so. If you looking at publicly available information, if you check the pages web pages of Firm_05 and BCG and Bain, also from a pain as especially with the big Three and BIG 4 consulting companies, you will see quite good pages on actually what we do and not do on this and essentially, yeah.

58 So Firm_05, BCG and Bain will not talk much about this. Whereas you, UI, Deloitte, they will, they will go integrated data is on this and essentially reason is that you know we we do much more strategy. So we would not say I would give sort of generalist of guidance and importance on sort of CEO level, right?

59 So what's sort of important for an operations and so on, whereas the BIG 4 consulting firms, they would do much more of this kind of legal compliance because they have sort of legal departments, they do assurance. So they would much more comprehensively support sort of end to end sort of implementation project. Essentially the work which we do, is much more from the angle of you know from essentially the strategy.

60 You know, how does the CSRD impact the of strategy, a strategy of a company. So for example, a question which we may work for example is that, uh, you know, companies especially for example in Denmark, who are leaders may struggle to get data on their business partners because they are very good at accounting their carbon emissions and they are, for example, interested in understanding their supply chains right.

61 Who Their business partners, who is emitting lot and who are, whereas we can understand where product emissions and this may be difficult because their business partners are in other parts of the world which are which are only developing it right now. So essentially it may be difficult for the Danish company to sort of have good understanding of the whole supply chain. And here comes comes in CSRD and mandates , mandates that everybody in Europe does this essentially at the level of what leading companies in Denmark may be doing today. So it has essentially this kind of implication where you have a better understanding of what your business partners are and then sort of, uh, you know better integrate sustainability in your procurement supply chain or your sort of strategy in that way.

62 Same thing with with the EU taxonomy, right? Because I mean this the EU taxonomy for manufacturing companies is a rather, I mean this is a rather easy exercise because you just use the official EU calculator and you go green, not green, where it becomes important is investors because this is where it's they, you know, if you do any sort of investment products in the EU, you have to sort of include this EU taxonomy.

63 So your assets have to go through there and so so you kind of for a various investors who are who wants to Decarbonize their investment portfolio Who want to reach net zero? This

05_Interview

is where this becomes important, right? That investing a company which is EU taxonomy aligned and not one which isn't, because this is actually protects the investor from greenwashing because this is a kind of regulatory framework. So this is also something which companies consulting companies do a lot on.

64 Uh, but again, I think going back to what I sort of search earlier, but uh, I think you would get much more out of the public offering of consulting companies say, rather than directly from me because again like I don't want to say things which sort of go onto my competence sense whereas on the web on web pages you will find you know entire web entire sort of pages of what is the CSRD and how our consulting company can help and what we do and so on. So because this is an essentially an advertisement, so to learn what industry and Firm_05 is doing, I would suggest to do look at those. That means additional benefit is that you have everything in writing there.

65 90 --> 00
Parth Sharma

Yeah, yeah, yeah, it's it's OK.

Thank then I are you aware like I think this is also a question which will be which will direct me to the web pages right. Like, is there a framework in the market to help out EU taxonomy and see started equations and as Firm_05 has one. Are you aware of any such?

66 00 --> 30
Interviewee_05
Well, what? What do you mean by frameworking?

67 80 --> 30
Parth Sharma

So maybe I sort of as like in you taxonomy. I remember the EU has launched this EU navigator uh. Which is supposed to help companies to uh, like helped them to actually align their activities. As per EU taxonomy .Have you heard about it?

68 90 --> 10
Interviewee_05

So I mean forEU taxonomy, this is rather simple because this is because EU is providing a lot of the a lot of the framework. So I think generally there is not that much room for in the industry to do it themselves, because I mean the EU wants to have good control of it, of how people are doing it. I mean, this is a regulatory compliance thing. For CSRD, I think the way CSRD is written essentially forces like it's very explicitly down is because of this requirement of double materiality. It's very explicitly done in such a way that you cannot use just a framework and like essentially copy paste someone else homework. it's on purpose made in such a way that companies essentially have to think you know what's important for a sustainability and how to approach it.

69 What's the best. And so if you read the standards you have sort of a lot of requirements essentially on not only sort of how to capture data but also of target, what's the strategy, what the policy, what the company has been doing and if the company doesn't have a strategy or doesn't want to say something, they have to provide a reasoning for why they are not disclosing .

70 So the CSRD is extremely bespoke(vocal) in in this regard.

71 So again, you know , so consulting companies of all kinds, can you know help with, you know, doing a double materiality and sort of working on that. But that's that's the best spoke work, because in order to be, well, uh, so do the CSRD well. You have to sort of do it you have to do it bespoke.

72 Basically there are client, right, so the the way again like if if you look if you look at the offerings now which I mentioned on you know what consulting companies sort of offer on their websites, they would not sort of I recommend necessary framework but rather you know with you know we have capabilities which can help you essentially sign your own framework because this is this is what the CSRD asks you to- make framework for your specific needs for a specific companies and our consulting company has a people who know lot, we can sort of help you create that. So that's much more on and these direction.

73 But again, like those pages which I fear to will give you sort of much more insights than I can possibly say or no, I I'm also sort of focusing on very narrow areas here like because

05_Interview

because of my background in sort of topics I kind of I also don't have perfect knowledge of what Firm_05 or the industry is right doing. So that's why I'm so much talking about going on the pages, because that's just that gives you that gives you a whole picture and not just a snippet of what one person is doing.

74 0:18:6.990 --> 0:18:7.900

Parth Sharma

Yeah, makes sense. So like I was just just wondering like as an analyst, what exactly is your role at Firm_05 and how do you support uh in the sustainable finance finance thing at in the in the company?

75 50 --> 20

Interviewee_05

I mean again like that we do strategies. So we know we don't do so. Uh, we don't do self legal advice. You know, we are not a law firm. We do essentially a strategy considerations. So what I would do and what we use of view is whenever again like when EU taxonomy or CSRD might have an impact on your strategy. So let's say you're an investment fund and you want to decarbonize your portfolio, you want to reach net 0 by 2050.

76 So we may help essentially understand will that EU taxonomy help you do that or do you need to create your own taxonomy because they EU taxonomy is not right? So this is essentially, you're a business and you have a goal to in sustainability and how this regulation can help you, , if you know have very ambitious targets for a disclosure is CSRD sufficient, or do you want to even add something more , going back to where this has this has a strategy uh consideration.

77 Parth Sharma

Makes sense.

78 I jump to the next question, maybe I I will leave this question for afterwards, but I from what I can understand, I think it would be a really good idea to discuss about the the problems which companies face. Usually, while implementing these regulations in their own processes and own systems, so like I just through my literature review I came, I found these eight major problems or bottlenecks. Which companies have an implementing new resolution or changes in their systems?

79 So maybe you can based upon your experiences with walking, working on these companies, you can maybe tell about discuss about how big are they to some extent or you can compare them or something. We just have a like, what do you think about these barriers?

80 Where it makes sense.

81 40 --> 0

Interviewee_05

So like I you know, I don't work that much with this topics with you have internal internally organization works. I'm not an expert on this what I think, uh, I mean what you list here is I think, yeah, my I have some vague understanding of the literature as well. And yeah, this is **morally consistent**.

Random information

82 What I think **is a particular sort of bottleneck is sustainability is simply the teams are** new. For example, having a sustainability chief officer for firm, I mean this is not easy. So these are new departments, they are not sort of well established being only sort of being integrated within firms currently. Uh, so now I **don't know how much of this bottleneck is because** I'm not an expert on this. So, uh, this is not like. I'm not saying this as source of Firm_05, essentially, rather you know more **personally as a lead**. Where I think if I would be doing this feature where I would look like essentially is how.

Random information

83 If I were to look into is - What are the struggles for sustainability? The sort of compliance folks within firms, because that's the a lot of kind of difficult. So, for example, carbon accounting is a prime example of this. You know normal accounting, we have, you know, hand 500 years of history of accountants. So this is like very well established profession where carbon accounting is, I mean this is like has 20 years, right. So very generally, the professionals are only beings of educated on this now and a lot of people. Essentially there is, you know, where **People** in such creating this capacity. And even if you have people who can do that, or you essentially a buy out our tool, because now we're on the market, there are many sort of softwares which can help with carbon accounting. If you

- Random information
- sort of purchase it, you know you still need to integrate it. Integrate it into your company and if you have this new team, which is sustainability and they are now, you know, suddenly telling finance what to do, right. Finance may not be super happy about that. So uh again, like I'm not certain of how big this issue is. It may be significant. It may not be significant. I have no, no, no, no knowledge on on this, but I would suggest that you know if you are looking this is the direction which So if I would look like and essentially to see various any research on, uh, how difficult it is essentially to open up an entire new department within a company and integrate it into existing structures.
- 84 Because I mean also I think Scandinavian companies may have an advantage here because they have been doing this voluntarily for a long time. You know, reporting voluntarily. So now when this is becoming mandatory, it's just you know you're just switching from voluntary to mandatory but for companies have not been doing this for a long time and we are new to this right.
- 85 They need to scale up this really quickly and, you know, hiring people, can take a lot of time right Because you not only need to have to hire and onboard someone, but you also need to have the person (HR) who knows who to hire and have the person who knows who to hire, who can hire people, right? So building up capabilities can take significant time, so that may also like be a potentially be like, I don't know, I'm just suggesting this as Unresearched area.
- 86 50 --> 40
Parth Sharma
Yeah, yeah, yeah, it's fine. So like if you would, so you are in Poland, right? So Do you have any idea about what is? How our companies, uh talking about the upcoming CSRD disclosure, which they need to make like, are are they in a more panic mode? How are they planning to deal with this, this and this scenario? I know that that they're hiring a lot of people right now, but what are the other ways they are planning to tackle these regulations? Just like a rough idea.
- 87 20 --> 70
Interviewee_05
Yeah, So I mean beyond, you know, doing it internally, I mean they were a very hiring consultants and there are many in the market, right. So there are these. The big thing on Firm_05 Bain and I, BCG, who the strategy, you know, you have the big four, but you also have a lot of smaller consultancies who focus on sustainability and sustainability work and it may be different and appropriate for different context.
- 88 And so, you know, they are I think there is a lot of movement in this sort of uh. Be right. So if you for example would again like if you sort of look at the web pages of consultancies, they would talk a lot about this so they very, very some market and there is a lot of very sort of traction here and just looking at what's the publicly available information on their websites and the next big market is of course the providers of the different sort of software as if you know people who have carbon accounting with managing sustainabilities of data in organizations. So, uh, now I'm not that familiar with how this market operates, but yeah, you know, if you just, you know, actually just start Googling on it. And so just sustainability software providers. This is also a huge, huge, huge area because I mean it's cheaper formalization to buy on an existing software and create something from scratch. So that's also a significant the significance of market.
- 89 And I mean because I mean the deployment here is here is right, much uh much quicker. And I think there's also a lot of cooperation between this is my like, so this is not something I know. This is my hypothesis. My hypothesis would be that on many organization, for example, you know the senior leadership may essentially ask Firm_05 about, say, CSRD, and we will essentially provide the strategies of implications of that. But then they may go to our smaller consultancy to essentially implement it for them, and that consultancy may in turn a hire one of those data providers to essentially integrate the data system for that company.
- 90 I think that a what maybe here? Good an illustration is how IT consulting. They happened like 10 years ago when there was this big move in digitalization. This I mean this is essentially right. What happened that, you know, big, big strategy consulting companies were doing the strategy implications of big data and digitalization very well. Lot of consultants who are working with implementation actually going on site and installing the software and then you had at this broom of software providers and uh actually sort of in business intelligence, right Tableau this panel the enemy, the software Microsoft has but

05_Interview

- External consultants involvement
IT systems/Digital systems
- IT systems/Digital systems
Random information
- Random information
- Random information
- IT systems/Digital systems
.CSRD digital tagging
- Random information
- you know all this uh so and I think what's happening here is very similar only the type of data changes right.
- 91 So because we are not talking about business sort of financial data, we're talking about sustainability data, but to understand to understand this, I would look at case studies of how essentially consulting a decade ago helped accelerate sort of IT updates in companies.
- 92 0 --> 30
Parth Sharma
OK, interesting. And I was just wondering like. What about these, like small companies? So, like hiring a new, hiring a consultant? Or maybe buying a new software is usually a very expensive affair. So how are these small companies right now planning to deal with this scenario?
- 93 90 --> 50
Interviewee_05
So, I mean in particular for for this essentially like you know they have this delay, they don't have to report on the 2027, something like that, uh and, uh, the EU hasn't yet published standards for small and medium enterprises. So this is something which will be they will do next year. Uh, so I don't think smaller companies are considering this yet because this is so this is in five years time and they don't even have the standards yet. So they don't know how much. So the EU is currently essentially working on this and they are doing consultations with, you know, those small companies essentially discussing, you know, how to streamline this and how to make it, essentially not, not to of overburden them. Uh, but generally for this topics it's. I mean, even more smaller companies generally have, you know, a some compliance related teams. They would have generated a lawyer or a higher law firm and they would have, you know, the smallest would. I think most of them do it through HR they would have actually people who would do the compliance or they would have environmental people who do this with environmental or work safety, right?
- 94 So they would have, they would have already sort of some capabilities on how to do this because there is already write a ton of regulations. If you're running a small workshop, you know you not only have you know the environment regulations of how you dispose waste noise pollution, but you know, work safety, everything right. So you they already have people who do that. And so my hypothesis would be that this would be very much integrated it within that, because I mean the companies generally like right, they have the data on many to many topics, right? For example, this noise pollution, right? So you work, you have this workshop, you have to comply with the local noise regulations. So you have the data on that right? So this is not something which is the only thing you have to do is just create a macro in Excel which will just go through it. So yeah, sorry I don't think this is a topic yet. We are waiting for when the EU next year, when the Europe Union have published details, and then I think what work, work with start much more about uh yeah.
- 95 40 --> 70
Parth Sharma
OK. And you mentioned that like a, there are role of this IT software and digitalization will be huge when we talk about sustainability reporting, right, like and there is a term called digital tagging in CSRD, right. How do you interpret this digital tagging happening in the reports and what tools will help companies in this regards?
- 96 80 --> 30
Interviewee_05
Uh, I think, I mean the general tagging will be super easy because it's it's just tells you how to write it, right? So you have a PDF and you write.
- 97 "My company has 1000 tons of carbon emissions" and then you just write A tag. So this is how this is a very simple exercise of just, you know, essentially making sure that the right numbers have the right tax. So for companies this would be super easy, but where? It's super interesting is for essentially, like analysts like, because now for example if I would like to understand, uh, the emissions or you know, so let's say what the water use of, you know, manufacturing companies in Denmark.
- 98 No. I would essentially have to read a hundreds hundreds of stability reports like there are some proprietary databases where people just gather, gather this data and then you kind of pay for access. But you know for for many this would not be. This would not be

IT systems/Digital systems
..CSR digital tagging
Random information

accessible right if, for example, for academic work.

99 Where this tagging will make it much easier. Important because this is super and easy to get this data right ? So, you know, uh, for a software providers to essentially create those super cheap databases or you know, we can just, you know, **3 lines of code and you can wave, scrape everything**.Because I mean, this data is publicly label, so you there is licensing just to see the licensing issue there.

100 So you can just, I think for for companies where it may sort of impact them, it's not, you know the difficulty, but it would be much easier to to to see what is the average right. So if you **much more easier to find who are the companies who emits the most, who have some really bad, bad, bad performance, and who have the a sort of best performance?**, so there, like if I if I would be a company there, I would be sort of concerned like personally, but just we just a you know you not only have to disclose it about uh, you know it will be make much much much easier for people to compare you to other companies. So if someone currently you know if a company currently has a skeleton in your closet, that skeleton will be out.

101 20 --> 90

Parth Sharma

yeah, makes sense. And and like uh, when you say that the, let's say the the emission numbers with the carbon emission, they are tagged, So what is it tagged to in the background? Like how? Like if you are fat, click on this number it will. It should take me to take me to a source where I get this number from right. So how is? Where is this source from? No, no, I mean the way the tag's work is like that.

102 00 --> 20

Interviewee_05

Because if you have a sustainability report and you have a a sort of a, you have the data and then you have a tag. So if if now I I we would like to essentially understand and the the emissions of the top 100 companies in Denmark, we would write a script which web creates and the web scripting works is that it's reads the document and then finds the the word you're looking for and then sort of you know.

103 So essentially you tell the you tell the program to find the word emissions and give me the number to the left of emissions. That's a , but if in the report it's kind of a mess, right? So if you because everybody's reporting how they want, so they may have different different ways of writing it, this may be difficult. So the way it would, will work with CSR is that if we now want to have 100 top 100 emissions for companies in Denmark, you would essentially tell write a script which reach their reportings and finds the tag and find the number associated with the target, yeah.

104 80 --> 80

Parth Sharma

Umm, OK, now it makes sense. That's that is the meaning of tag.

105 20 --> 0

Interviewee_05

So you know it's it's very and you know that that's the that's the emission numbers because it's properly tagged.

106 It's not, you know, it's emissions in tons of carbon, to equivalents, not emissions in megatons in methane couldn't, right? So that's essentially the things you cannot with the tag. You cannot, you know, play with the numbers to make them smaller or bigger, right? You're very you're very easy to find. So you know in, in today if we wanted to do this exercise and find those hundred companies writing the code would take hours. With CSR it will take minutes, so we will be much quicker to identify who are the biggest biggest emitters in Denmark then we would be able today. That's why I was sort of mentioning this skeleton in the closet because. Uh, you know, we just much much easier to find who is, who is, who is the best performer and who is sort of the worst performer. I mean is he gives us, gives us gives us give gives us the data.

107 40 --> 90

Parth Sharma

Mm, makes sense. So like so, if you want to want to find the biggest emitter, we just write the script and we enter the tag thing in the script to find that tag actually and not a word or something. That tag is specifically and like how do we tag this thing? Like if we are to the companies making a report so and it has to tag its emission, so how do it? How does it

Random information

Link between CSRD and EU Taxo

Random information

look like?

108 0:38:5.740 --> 70

Interviewee_05

I mean, you just, it's it A tag is just, it's just essentially a piece on it's is this kind of word number, right.

109 It's like, you know, X522 and and that's that's this unique tag to that number (CO2 emission). So you know that if you search for X1222 you will get you will get emissions.

110 Parth Sharma

It's like has you already released these tags or something or it will they have they're planning.

111 00 --> 30

Interviewee_05

No, no, no, no, this is this is like, but this is a very like, I mean again like if you just Google it, you find a lot of examples of how this works because this is like really simple. I mean, this is just two hours of just copying pasting so very it's it's very easy to do like in that the technical side is super easy. Yeah, and like so I haven't run like 5-6 minutes so I can still do essentially one more question and then I would have to run.

112 0:39:5.340 --> 0:39:6.950

Parth Sharma

OK, no worries. I will just find. So like from do you see like this UX army and CSRD S interlink together? Or like they are separate like how if we are to visualize these two you know from Venn diagrams. So how how do you see see them?

113 10 --> 80

Interviewee_05

No, I mean there definitely interlinked and here I mean essentially I can, I mean what I would what my answer here would be essentially not my opinion, but essentially what the EU says on this and the way the EU reviews it is that they are both part of these Green Deal. Essentially, the carbon is a big decarbonization strategy, so they are, in the end, we are supposed to achieve the same goal.

114 They are just different sides and the EU taxonomy is integrated within the CSRD, so essentially you can think of it as a sub part of the CSRD right. So it's mostly like within state and this is like this is essentially the way the EU views it. However, this of the EU taxonomy is super relevant for finance, right for investments, right? Because if you invest , you're most likely to be concerned about emissions, and this is where the EU taxonomy comes into play. Whereas CSRD is the right much broader. So working conditions biodiversity like so it's. It's, let's say, very much sort of dependent on the industry and kind of what essentially the impact the companies themselves have. And at CSRD it has a broader audience because the audience that you that the the it's like it's every stakeholder right. So it's not only the investors, but it's also, you know, people who live nearby - civil society, NGO's, right. Governments, like essentially every the CSRD is made for everybody of us that we can essentially just go in as a, as a person and so check is this. Has this company like good practices and working conditions right? Do I want to work there? That's part of the where's the use? Taxonomy is very much focused on enabling stable finance, right making making it making sure that if you're in the roster and you want to spend money in a sustainable way, that you can actually you can actually do it so very, very sort of diverge in, you know, they are operationally one thing, but they have different audiences. Right.

115 So CSRD- everyone, EU taxonomy- finance, essentially just helping to finance the green transition and like, so the EU Commission primarily has lots of good explainers on this. On mainly all under the EU, Green Deal. So EU have a few pages where you can sort of look at, you know, how are these different regulations interconnected and how they view them? Uh, the relevant Commissioners also sort of speak a lot about this. So yeah, the, the particular Commission websites like it may take a while to dig around there because there is just so much. So you have to take time to find what you're actually looking for.

116 But yeah, this is essentially the way they do it. It's part, but the audience is different, right? People versus finance.

117 Parth Sharma

118 And like if I would look at these regulations from a company's perspective, we have to implement them both and the steps the company has to follow to implement CSRD and the

05_Interview

Link between CSRD and EU Taxono

steps the company to follow implement EU taxonomy. Are these steps interlinked somehow or it's even the steps are different? Like if I only do CSRD, will it also include doing some part of your taxonomy or the other way around?

119 Interviewee_05

120 I mean, uh, for so for you taxonomy on the EU Commission website, you can see essentially a calculator for it.

121 It has a requirement just playing around with it and that's essentially how you do the EU taxonomy, right? You just verify what you do versus the EU guidelines. In CSRD you have to essentially create the data from scratch. Collects it, report. If there is much more. So now you actually have to do capture the both and. The EU taxonomy essentially is much easier for manufacturing companies because it's just using the EU calculator. CSRD is much difficult. EU taxonomy is much more difficult for financial companies because financial companies have to report their asset according to the EU taxonomy, so they have to find the EU taxonomy data for every single investing. Right? So so for a manufacturing company, CSRD is the one where you have to invest a lot of effort in, EU taxonomy is super easy. On the other hand, if you're on the financial institution, you know Goldman Sachs, something, it's the other way around. CSRD will be relatively easy because you have fewer employees. You only have office buildings, so you don't create a lot of, you know, environmental sort of impact within your offices, but you do it through your investments. So when you taxonomy becomes hugely important. So manufacturing CSRD financial taxonomy and I will have to run.

122 40 --> 0

Parth Sharma

Yeah, it's fine.

123 50 --> 10

Interviewee_05

But yeah, no. Happy to help and great with you.

124 10 --> 70

Parth Sharma

I'm just going to close, so yeah, yeah.

125 50 --> 0:45:1.890

Interviewee_05

So of doing this like when you're done with, will you publish it publicly the your work or how how this work?

126 0:45:0.580 --> 30

Parth Sharma

I will see how much censored information I have in my thesis and based upon that I will have, let's say, a public open or just for my university.

127 40 --> 60

Parth Sharma

I will have to see how it goes, but yeah, if it's there's not much information I can easily share with you if you want.

128 30 --> 70

Interviewee_05

Yeah, yeah, yeah.

129 90 --> 50

Parth Sharma

OK.

130 80 --> 00

Interviewee_05

If you were the at the time when you're done writing I I would love to read the what's use of your perspective on this.

131 90 --> 0

Parth Sharma

OK.

132 50 --> 00

Parth Sharma

Yeah, sounds good.

133 10 --> 50

Parth Sharma

05_Interview

134 Thank you for your time.
40 --> 70
Parth Sharma
Yeah.
135 0 --> 70
Parth Sharma
Yeah, you too.
136 30 --> 0
Interviewee_05
Alright, how have a nice day but.
137 80 --> 0
Parth Sharma
Bye. Bye.