

Interview_07

- 1 0:0:0.0 --> 0:0:12.450
Parth Sharma
Yes, everything will be anonymized because this, like this project, is not only like around Firm_07, but I also have taken interviews with people from other companies and other consulting firms as well.
- 2 0:0:13.560 --> 0:0:13.870
Interviewee_07
Mm-hmm.
- 3 0:0:13.900 --> 0:0:16.10
Parth Sharma
So I don't like.
- 4 0:0:16.20 --> 0:0:33.690
Parth Sharma
I would not want to jeopardize any views within the industries, so I would anonymize everything so the main idea here what I'm working on is to build sort of a step by step guide for the companies to implement CSRD and EU taxonomy regulations.
- 5 0:0:35.530 --> 0:0:40.860
Parth Sharma
You taxonomy has quite has been quite old right as compared to CSRD like?
- 6 0:0:40.870 --> 0:0:43.180
Parth Sharma
Not very old, but like couple of years for you.
- 7 0:0:43.190 --> 0:0:56.970
Parth Sharma
Taxonomy and CSRD came in like last year and the companies right now they are battling to understand the CSRD regulations and how to interpret the policy soup for their own context.
- 8 0:0:58.300 --> 0:1:0.170
Parth Sharma
So what my what?
- 9 0:1:0.180 --> 0:1:9.80
Parth Sharma
My aim is to have a sort of a step by step process for them or a step by step guide which which makes their life a bit easier.
- 10 0:1:9.90 --> 0:1:9.810
Parth Sharma
As it is now.
- 11 0:1:13.870 --> 0:1:25.900
Parth Sharma
So the CSRD it's mandatory reporting directive on the ESG matters and it does it it, it compresses around 50,000 companies.
- 12 0:1:26.150 --> 0:1:43.50
Parth Sharma
So it is a sort of a advanced version of the NFR directive, which was there earlier, and it compasses all the EU and non EU companies which are listed on the market right now and the reporting will start from Jan 25.
- 13 0:1:43.60 --> 0:1:59.60
Parth Sharma
So that in Jan 25 they have to report for the year of 2024 and then this is for the large companies and for the SME's, it will be from Jan 26, yes, Jun 26.
- 14 0:2:1.420 --> 0:2:1.890
Parth Sharma
Is that right?
- 15 0:2:5.920 --> 0:2:11.490
Interviewee_07
And like, take the. Yeah.
- 16 0:2:11.810 --> 0:2:12.190
Interviewee_07
Yeah.
- 17 0:2:12.200 --> 0:2:18.810
Interviewee_07
The second point it refers to large and takings so the first one it's companies subject to NFLD.
- 18 0:2:18.820 --> 0:2:19.450
Interviewee_07
It's correct.
- 19 0:2:19.800 --> 0:2:19.960

Interview_07

- Parth Sharma
Yeah.
- 20 0:2:19.460 --> 0:2:31.890
Interviewee_07
And then in 2026, companies having companies that are considered as being large will have to start reporting for the financial year 2025 data.
- 21 0:2:48.500 --> 0:2:48.960
Parth Sharma
Office.
- 22 0:2:32.420 --> 0:2:50.550
Interviewee_07
And there is, I think, the thresholds that you've written here might not, I'm not sure if they're correct because basically to be considered a large undertaking, you have to meet at least two out of the three following criteria.
- 23 0:2:50.240 --> 0:2:50.620
Parth Sharma
Hmm.
- 24 0:2:50.600 --> 0:2:51.790
Interviewee_07
Yeah, OK.
- 25 0:2:51.120 --> 0:2:53.730
Parth Sharma
Hmm. Umm.
- 26 0:2:51.800 --> 0:2:59.0
Interviewee_07
Yeah, you have them in mind, but then SME the uh, do they have to start reporting in 2026?
- 27 0:2:59.10 --> 0:2:59.800
Interviewee_07
No, I don't think so.
- 28 0:2:59.810 --> 0:3:0.650
Interviewee_07
I think it's a bit later.
- 29 0:3:2.450 --> 0:3:3.760
Parth Sharma
Ah, OK, maybe I will.
- 30 0:3:3.770 --> 0:3:11.0
Parth Sharma
I will check for the SMS part because I think I picked it up from the wrong balls CSRD webinar I will have.
- 31 0:3:11.10 --> 0:3:12.190
Parth Sharma
I will cross check it again.
- 32 0:3:14.930 --> 0:3:15.210
Parth Sharma
OK.
- 33 0:3:17.20 --> 0:3:20.270
Parth Sharma
Ah, OK, OK.
- 34 0:3:12.930 --> 0:3:21.520
Interviewee_07
Let me let me check it, but because our wrote that timeline myself, uh yeah.
- 35 0:3:21.530 --> 0:3:23.70
Interviewee_07
Anyway, you can continue.
- 36 0:3:23.140 --> 0:3:23.310
Parth Sharma
OK.
- 37 0:3:23.390 --> 0:3:24.40
Parth Sharma
OK.
- 38 0:3:23.80 --> 0:3:24.890
Interviewee_07
I will check the information in the meantime.
- 39 0:3:24.50 --> 0:3:25.670
Parth Sharma
Yeah, no worries.

Interview_07

- 40 0:3:25.930 --> 0:3:46.0
Parth Sharma
So but it it has a we have to disclose around the mandatory disclosures of double materiality, scope of 123 missions and then the risk and opportunities around the eggs and which will follow the ESR standards and it will include reporting around 1100 data points for the companies.
- 41 0:3:47.790 --> 0:3:54.680
Parth Sharma
So yeah, and then for the UX onomy, it is a classification system of the green and non green economic activities.
- 42 0:3:55.70 --> 0:3:59.540
Parth Sharma
It's around six objectives of climate change mitigation and adaptation.
- 43 0:4:0.90 --> 0:4:3.260
Parth Sharma
Sustainable use and protection of water and marine resources.
- 44 0:4:3.710 --> 0:4:5.540
Parth Sharma
Translation to a circular economy.
- 45 0:4:5.790 --> 0:4:8.260
Parth Sharma
Pollution prevention and control and protection of healthy ecosystems.
- 46 0:4:9.670 --> 0:4:19.340
Parth Sharma
So the the the activities are to be aligned into taxonomy eligible and taxonomy aligned eligible activities.
- 47 0:4:19.590 --> 0:4:24.800
Parth Sharma
They have to comply with the technical training criterias and taxonomy aligned they have to.
- 48 0:4:25.150 --> 0:4:33.900
Parth Sharma
It's advanced filtering system, so they have to align with three points of contributing to at least one of the objective, not significant harm.
- 49 0:4:33.910 --> 0:4:36.360
Parth Sharma
And then comply with the minimum gift card principles.
- 50 0:4:36.370 --> 0:4:39.970
Parth Sharma
So that's just a very quick overview of you taxonomy as well.
- 51 0:4:47.520 --> 0:4:49.0
Parth Sharma
And OK.
- 52 0:4:40.230 --> 0:4:55.710
Interviewee_07
Uh, for this reason, the at the build checked, so actually there's a voluntary reporting phase for SMS and and this phase start in 2026 until 2028. No.
- 53 0:4:55.900 --> 0:4:58.110
Interviewee_07
Yeah, until 2029.
- 54 0:4:58.830 --> 0:5:7.760
Interviewee_07
Uh, because basically, SMG's have to report monetarily and the disease early in 2029 for financial year 2028?
- 55 0:5:7.830 --> 0:5:8.510
Interviewee_07
Yeah, that's it.
- 56 0:5:9.410 --> 0:5:10.570
Parth Sharma
OK, OK.
- 57 0:5:12.890 --> 0:5:14.370
Parth Sharma
It OK, I might have.
- 58 0:5:15.230 --> 0:5:15.980
Parth Sharma
Uh.
- 59 0:5:16.30 --> 0:5:18.0

Interview_07

Interviewee background information
Random information
Random information
Random information
Random information

- 60 Parth Sharma
Overlooked the voluntary reporting thing.
0:5:18.10 --> 0:5:20.620
- 61 Parth Sharma
Maybe that could have been a point.
0:5:21.190 --> 0:5:25.810
- 62 Parth Sharma
OK, love update the slides afterwards then. Uh.
0:5:26.30 --> 0:5:26.800
- 63 Parth Sharma
Yeah.
- 64 0:5:26.860 --> 0:5:42.680
Parth Sharma
Then the main question and discussions thing, so maybe we can quickly start with sort of an interview like not an interview, but introduction of yourself and how long have you been working with the CSR reportings and what are the different projects you have worked on so far?
- 65 Interviewee_07
So yeah, so my name is Quentin. I'm a consultant. I Firm_07 I've been working here for over a year now and basically I've been working on this CSRD ever since I've started. That was my very first project was on this Sunday. I was the first to really dig into this regulation and. So this is it.
- 66 What project have I done?
- 67 And mostly yeah, two projects for clients. I would say on the CSRD. No three.
- 68 OK, let's see.
- 69 The first one was the gap fit assessment for a plastic manufacturing company ,Danish one. So here we did the full gap assessment and I've also helped a sugar manufacturing company develop its double materiality assessment and which is something that you have to do as you've mentioned under the CSS and uh, I helped a Mexican construction conglomerate understand how European regulation including the U taxonomy and the CSRD, how does regulation will impact the construction conglomerate? So this is on the CSRD. Side I mean, apart from that, I've helped conducting what we call here like internal projects when I was the one who made the slides on the webinar that you've seen and I also helped developing the Quick guide online. Make sure that the whole department gets some knowledge on this uh, this kind of things.
- 70 On the EU taxonomy I've been working on it for different project as well still for the plastic manufacturing company. I was kind of part of the eligibility and alignment assessment, but I was not the one in charge of it. I was just a bit following up. And helping the person on that project. But I'm also helping a global retail company like define its eligibility assessment and yeah, so that would mean really going into the detail of the EU taxonomy and so on.
- 71 So that's the project I have in mind, but basically I'm I've specialized into sustainable finance and mostly around CSRD and EU taxonomy.

71  

Questions and discussion-2

Do you see EU taxonomy and CSRD as independent or interlinked regulations ?

Do you see a link is ESRS and TSC criteria ?

Does this interlink entails a common framework for both ?

72 0:8:30.820 --> 0:8:32.980
Parth Sharma
OK, that's great. So I from an experience like you mentioned, you have worked with both your taxonomy and CSRD on different projects. So do you see a sort of an alignment between them and sort of an interlink between these regulations?

73 0:8:48.390 --> 0:8:52.870
Interviewee_07
Uh, so one that is obvious is that under the CSRD you have to Like report or provide EU taxonomy disclosures so you have to provide the alignment and eligibility KPIs. It's mandatory to say to what environmental objectives you contribute to, and so on and so forth.

74 0:9:59.730 --> 0:10:0.70
Parth Sharma
Yes. So what you mean is that in the ESG criteria of CSRD we keep the E part and the EU taxonomy aligns with the E part of the ES criteria more.

75 0 --> 70
Interviewee_07
No, no, no.

76 77 Basically what I want to say is that they both talk about environmental sustainability and yeah, so this is one thing. But they also talk about social sustainability.

78 Why? Because there are somethings that you have to do under the CSRD and which is not under the EU taxonomy- it's to comply with the so-called minimum safeguards criteria. Yeah, and this is a process that has to be done at the company level where you will basically conduct a human right impact assessment. Uh, implement like policies and processes related to human rights, and it's mandatory if you want to show alignment other than 0%.

79 So what I want to say here is that if you compute your KPIs and you find out that X percent of your turnover are OpEx or CapEx is aligned with the EU taxonomy, you can't say that this is actually in line unless you meet the minimum safeguard.

80 But yeah, and and basically those minimum safety criteria are very much related to the S part of the ESRS, so all the social standards because yeah, here there is, yeah. Its gonna is gonna get technical bit, but let's recap. So we have the EU taxonomy. They include the minimum social safe guards and those social safe guards are based on internationally recognized standards, which are the UN guiding principle and the guidelines for multinational enterprises and basically under the CSRD under the S part of the ESRS So asESRS 1,2,3,4..., it's very much about disclosing how you implemented those. And at this internationally recognized standards Into your operations.

Link between CSRD and EU Taxo

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- 81 So they are very much related.
- 82 00 --> 40
Parth Sharma
OK, make sense. And what about the G part? Does the G part of the CSRD corresponds to something in the Utsunomiya as well?
- 83 70 --> 60
Interviewee_07
Yeah, kind of. Because, I mean, I'm not that familiar with them. With the minimum safe counts, but I think it includes something like fair competition and stuff like that. So it it has a governance dimension that is also reflected in the the ESRS and yeah, I'm I know that there's something that I wanted to add to that but I forgot. So if it comes back to my mind, I will come back later.
- 84 RECALLED IN FUTURE CONVERSATION.....
- 85 And how do EU taxonomy and CSRD interlinks is they have a common ground which stands in the action plan on financing sustainable growth.
- 86 So it's part of the Green Deal. And both aim at improving Sustainability, transparency and reducing the risk of green washing and you wouldn't achieve this ambition under the EU Taxonomy through the disclosure of those KPIs, But under the CSRD it's other requirement that includes quantitative KPI, but also qualitative information.
- 87 And you have to provide this double materiality assessment. That is an entire part of how you affect and are affected by the environment and society.
- 88 70 --> 10
Parth Sharma
OK, OK, trying to and I I think what you just mentioned also corresponds to the second question which I was going to ask you.
- 89 20 --> 90
Parth Sharma
Do you see a link between the ESRS and technical training criterias? So use so the the ES-10 dimensions they corresponds to the technical screening criteria 1/2 and three. Right. The mandatory uh alignment. That taxonomy alignment, mandatory conditions 1/2 and three. Like the second and third part of it like this, the social and the governance part corresponds to the minimum safeguard somehow. And then the environmental part of the of the CSRD corresponds to the technical training grant areas of the EU taxonomy.
- 90 90 --> 20
Interviewee_07
And so the technical screening criteria, if I'm not mistaken, they include - contributes significantly to one of the four environmental objectives and DNSH and the minimum safe count, right?
- 91 What are the links with the ESRS?
- 92 Yeah, there's a link through the minimum safeguards.
- 93 This is correct.
- 94 Uh, But there's no direct link between the contributes significantly and the Do no significant harm.
- 95 Yeah, there's no link between those two elements and the ESRS because it's true that they took both about environmental elements. But if you want the the technical screening criteria like the contribute significantly plus the do no significant harm, they're really specific and.
- 96 And yeah, I mean, they might talk about similar topics as with the ESRS.
- 97 So for instance, if I take decarbonization, the whole objective of contributing significantly to the environmental objective of the EU taxonomy, climate change mitigation or climate change adaptation, and like the ESRS, they will also talk about climate change mitigation, climate change adaptation. And yes, ESRS will also talk about water.

Link between CSRD and EU Taxonomy

- 98 About and about resource use and economy and circular economy. Sorry and circularity. So in that sense, the, yeah, the environmental objective defining the EU taxonomy are aligned with the environmental objective defined under the CSRD.
- 99 60 --> 60
Parth Sharma
Hey, Quinton. I just lost like the last two minutes of the conversation. Somehow my laptop just died so. Maybe we can restart if it's possible in just give Me 2 minutes.
- 100 30 --> 10
Interviewee_07
Yep.
- 101 90 --> 70
Parth Sharma
Let me restart my things on my laptop. Just give me a SEC. Can you still see the my slides and everything?
- 102 0:17:5.30 --> 0:17:6.550
- 103 Interviewee_07
No, I can't see the slides anymore.
- 104 0:17:6.970 --> 0:17:7.670
Parth Sharma
OK, OK.
- 105 But I mean, you shared them. So I can just open the file.
- 106 And it's it's on A at it just reopened while my computer just like died in the Middle East.
- 107 That and so it's gonna restart in two minutes and it's just started.
- 108 20 --> 10
Parth Sharma
First thing, I don't know what happened.
- 109 40 --> 00
Parth Sharma
Give me a second.
- 110 80 --> 20
Interviewee_07
Yeah, sure.
- 111 50 --> 50
Interviewee_07
How are you, Niki?
- 112 30 --> 0
Interviewee_07
I think you're muted.
- 113 60 --> 50
Niki Bey
I'm fine.
- 114 60 --> 40
Niki Bey
Thanks the the client meeting extended a little bit but but all good.
- 115 60 --> 40
Interviewee_07
Good.
- 116 00 --> 00
Parth Sharma
Why?
- 117 70 --> 0:19:2.160
Niki Bey
So Parth you on on your phone now and OK now, now something else, OK, yes, yes.
- 118 0:19:3.510 --> 0:19:4.350
Parth Sharma
Can you see and hear me now?
- 119 0:19:4.740 --> 0:19:4.940
Niki Bey
Yes.
- 120 0:19:6.210 --> 0:19:6.590

Interview_07

- Parth Sharma
Perfect.
- 121 0:19:7.860 --> 0:19:8.860
Parth Sharma
Sharma screen again.
- 122 80 --> 10
Parth Sharma
Yes.
- 123 00 --> 50
Parth Sharma
It's great.
- 124 30 --> 70
Parth Sharma
Umm hmm.
- 125 40 --> 50
Parth Sharma
Umm.
- 126 50 --> 10
- 127 Interviewee_07
OK, so maybe I can just mention what I was saying for the second questionso basically the ESRS and technical screening criteria, they talk about this same elements and if you want the environmental objective defining the EU taxonomy and the topics defined in the ESRS are similar. So for instance, EU taxonomy will talk about climate change adaptation and climate change mitigation, Protection of water resources, circular economy, and all those elements are also encompassed in the ESRS and where the two link and is the fact that they might talk about similar topic but in different ways, like for instance the technical screening criteria they would say like OK, if you want to make a significant contribution to climate change adaptation, you need to meet XY and Z criteria. And like I don't know X amount of suit to emissions or the vehicles per vehicles and so on and so forth and under the ESRS, they would include similar topics, but you would just have to report on those elements like for instance, they would require you to provide the total greenhouse gas emissions. And yeah, and it's in that sense that the interlink.
- 128 0:21:6.640 --> 0
Parth Sharma
Ohh OK, so taxonomy tells you something up front, but CSRD asked you to report whatever you have.
- 129 Interviewee_07
130 Umm yes, but I mean the objects are a bit different and the CSRD it's a reporting exercise, right? So you will report on an aggregate level. Uh, the EU taxonomy, You have to assess at every single asset level whether you meet the requirement or not, like for instance, if I take the activities related to transportation and you can significantly contribute to climate change If you have vehicles that emit that are electric, maybe or that. Emit very few amount of CO2 and so that's what you would have to do for the EU taxonomy. Check that you have the right vehicles, the right assets and under the CSRD you will say OK. In total I emit X amount of CO2 and X percent is due to my company fleet or something. You see what I mean?
- 131 00 --> 70
Parth Sharma
OK. So in that in taxonomy you can go let's say a bit in the at a lower level. But CSRD is more on accumulative level of a company.
- 132 40 --> 50
Interviewee_07
Yes.
- 133 0 --> 30
Parth Sharma
OK, Make sense.. And does the process of implementing EU taxonomy and CSRD is do you see, let's say, a common framework building for them both? Or it's a separate it's like 2 separate distinguish like. Non overlapping frameworks, how would you say this?
- 134 0:23:2.640 --> 0:23:5.530
135 Interviewee_07
- .EU Taxonomy around framework
.CSRD around framework

Interview_07

..CSRD Gap analysis/assessment
..EU Taxonomy Barriers

Random information

Random information

IT systems/Digital systems

Random information

- 148 80 --> 50
Parth Sharma
OK, And and what sort of gap did you? Uh, see there in in the company. What they very obvious to spot, or if there was something very peculiar which was which didn't expect that would happen in a company like this.
- 149 70 --> 0:29:0.780
Interviewee_07
Yeah, there there's a lot of gaps, but it's also logical. Uh, it also makes sense because it's how does this sound is built. The requirements are very specific and it's brand new, so it's normal for companies to have a lot of gaps right now.
- 150 **The main gaps that I can talk about are related to the double materiality assessment.**
It's brand new for companies to conduct such an assessment and yeah, because until now companies would try to, yeah, get a risk management approach where they would analyze financial risks and opportunities maybe, and they would talk about environmental positive impacts that they have are positive impacts in general, but it's brand new for them to also consider risks and opportunities that are sustainability related.
- 151 So for instance, what are the financial risk of climate change for my company? And it's also new for them to assess in such an extensive level what their impacts both positive and negative on the environment, but also on society. And yeah, what those impacts are it's it's brand new to to do that. So obviously there's a lot of gaps, but it makes sense.
- 152 10 --> 50
Parth Sharma
And and do you know if if the EU also plans on having some other regulations which are aimed at bringing in transparency in the report in general, in sustainability domain?
- 153 0:32:1.90 --> 0:32:4.800
Interviewee_07
I mean, there's a key regulation missing in your assessment. It's the CSDDD, the corporate due diligence directive, and this one it's it's not very much oriented around external transparency because basically the EU taxonomy and CSRD define requirements that you would have to include in your sustainability report, right?
- 154 So those information will be available to external stakeholders of the company and the CSDDD is very much about implementing new processes within your organization. So it will help you as an organization understand how you affect, In that case, people and to some extent the environment and and you will have to report and the the CSRD how you implemented those processes. Uh, but the CSDDD is not directly linked to requirements. Uh, that would have to. Yeah, that would emerge in the report basically does information will eventually appear in the report, but through the CSRD, not through the CSDDD itself.
- 155 0 --> 70
Parth Sharma
OK.sounds good. Uh, and do during your gap assessment, but the company, did you see there was some digital gaps in their data collection process and do you see these need for digitalization and digital technologies in implementing the CSRD's?
- 156 90 --> 60
Interviewee_07
Yeah, it's a key question here and why for several aspects... I would say and 1st I can give you this information that I got danska industry estimates that in the future companies will would need to have as much resources for non financial reporting as they currently have for financial reporting.
- 157 So now you have to put financial and non financial reporting under perspective and companies are now used to report their financial information. They have like a digital platform in place that enable to streamline the data collection, right? But they don't have such a process in place yet for non financial reporting . So it's related to the quantity of information that you have to report on that CSRD, it's huge and under the EU taxonomy as well it's huge.
- 158 So you need to have a software system other than Excel that enables you to be compliant with those regulations. And then both the EU taxonomy and the CSRD will also require a company to get data or information that are not directly linked to their own operations. Uh,

Interview_07

so, for instance, under the CSRD you have to include what are your impacts, your risks and opportunities through your value chain, both upstream and downstream. So this means that you need to collect a lot of information in your value chain to be able and to be compliant under the CSRD system and under the EU taxonomy to verify , to check whether you comply with some of the requirements, you would need also some data that you don't have necessarily as a company, but that you would also need from your business partners.

159 So for instance, if I have a vehicle fleet as a company, but I don't own it, I leave it. I don't necessarily have all the technical documentation to check whether my vehicles are compliant with the requirement or it, so I would need to ask the company I lease my vehicles for those information. So there's a huge need for digitalisation, yeah.

IT systems/Digital systems

Random information
Random information

160 Parth Sharma

161 And do you know some strategies or some maybe software or tools which companies are currently using in the market?

162 Interviewee_07

So you have companies that developed tools for companies to be able to report and the disease and the and we complain with the EU taxonomy. Uh, I built such a tool like such a list of companies who define this tools. I remember that it's still kind of new and to have a system that fits with CSRD requirements also because it is more recent obviously. And and then on the EU taxonomy, what can I tell you? So some companies developed tools, but usually yeah, it would just be like a checklist. And that would also enable you to update documents so so that you can document everything in one place. And so that's what they do usually. And but like for instance with the retail company I'm working for, they're looking for such a tool, but they have a huge problem with data privacy. They it's they don't want that their information to be hosted on data centers that are not theirs, basically, so eventually they will have to adapt their financial reporting tool to fit the EU taxonomy?

163 90 --> 80

Parth Sharma

OK, Sounds good. So based upon your experience like how do you see sort of a step by step process to integrate CSRD regulations in a manufacturing companies context?

164 70 --> 40

Interviewee_07

So usually when we sell a project, I Firm_07

165 We sell 4 phases:

166 1. The first one is getting an overview of the CSRD requirement and so that would bring some knowledge on the company's yeah, bring some knowledge of the CSRD to the company.

167 2. Then we would conduct a double materiality assessment that is to say, identify impact risks and opportunities that are sustainability related.

168 3. And thirdly, we would conduct a gap fit assessment because basically under the double materiality assessment, the whole idea is to understand, how you impact people and the environment, how you are impacted by people in the environment, but that will also help you understand what requirements are relevant to you as a company, right? So this is a necessary step to reduce the number of requirements. So then we would conduct a gap feed assessment against the remaining requirements, the one that are relevant to the companies.

169 4. And finally, we would help them define their reporting strategy like an action plan. A road map. This kind of tools.

170 70 --> 30

Parth Sharma

Uh, can you talk more about this road map and action plan which you mentioned?

171 0:41:0.770 --> 0:41:7.870

Interviewee_07

Yeah, I've not myself been involved in one, so it's been hard for me, but what can I say? Usually the idea is to basically you have to start reporting, on the 1st of January 2025, let's say. Then it means that what we usually say it that it means that you need to have all

Interview_07

Random information
..CSRD around framework

processes in place one year ahead. So one year before (2024) and basically we try to define the steps that are necessary to achieve, uh, this like milestone, if I can say to have all processes in place to be ready to report one year before and that would be very much related to the gaps identified previously. So for instance, if we find a specific policies that are missing specific processes that needs to be implemented, we would discuss with their companies how they could implement them and by when.

172 Interviewee_07

So I, Niki, you had you had a question?

173 10 --> 60

174 Niki Bey

Yeah, that's not sorry.

It's it's you talking. But sorry for my side to interrupt. Umm, one thought. Quentin, it's it's actually this, this term manufacturing company. Do you see differences in, let's say, the approach or in the in the, let's say needs of manufacturing companies so so companies that have with physical products to do and shape products and and versus. Financial companies, service companies. Uh, yeah, different different sectors. So do you see differences or or not? If yes, which?

175 50 --> 0

Interviewee_07

I think that the process itself is the same, it's just the issues raised types of data that needs to be collected, types of processes that needs to be implemented would differ, but the overall approach would not change.

176 50 --> 00

Niki Bey

And CSRD does not hit manufacturing companies harder than than any other companies, right? I mean it's it's a it's it's, I don't know, there's no graduation of how whether you are utility or you are a I don't know yeah somehow service company or a manufacturer is there any thing.

177 30 --> 0:44:3.440

Interviewee_07

Like there are differences, obviously, because for instance, if I'm a water utility company, ESRS on water will be much more important for me as a company. And if I'm a manufacturing company, ESRS on resources and circularity would be a key element to consider. They would have, If you want specific issues, but the ESRS so far are a sector agnostic, they are sector specific requirements that that are coming probably at the end of the year. But so far the requirement as sector I agnostic and in that sense, no, I don't think it's gonna hit harder. Specifically a manufacturing company. More than other types of company, I mean it's, I couldn't establish a ranking like that, but what I can say is that under the EU taxonomy, yes, maybe.

178 Uh, because yeah.

179 So first of all, I think the complexity related to reporting under the CSRD is more related to the complexity of your organization, meaning that if you have many, many subsidiaries, then it's going to be complicated, but not according to the type of activity that you have.

180 And under the EU taxonomy you have specific technical criteria that had to be met and maybe to be aligned with those criteria to achieve alignment is very hard as a manufacturing company, maybe they would be harder than, yeah, I mean for instance, if I am installing solar panels and I do that as a main activity, this is by definition sustainable activity. So to be aligned with the EU taxonomy is gonna be very easy. But if I manufacture a specific product. Then I will have to maybe change the way I manufacture my products to be aligned and in that sense it's it could be much harder for a manufacturing company.

181 --> 45

Niki Bey

Umm, yeah, OK.OK. Thanks.

182 65 --> 35

Parth Sharma

OK, So what you mean is that it's gonna be more product specific complexity, not not actually on a sector level, but depending upon what the companies manufacturing that would entail the complexity or the impact of CSRD on that company that , is that right?

Interview_07

- 183 25 --> 0:47:9.195
Interviewee_07
No, I think it's more in the organization level rather than the product level, because if you're a holding company and with within your holding community, you have very different type of activities then it's gonna be very hard for you to report on the the CSRD because you would have to consider all those activities, all all these activities.
- 184 But if you're only manufacturing elements, then I mean the type of impacts, risks and opportunities will still be the same, but still under the CSRD you have to define your alignment with the EU taxonomy and under the EU taxonomy there are sectors, they're sectoral issues.
So yeah.
- 185 25 --> 05
Parth Sharma
Makes sense?And is there a strategy which a company can adopt to implement ESRS disclosures?
- 186 45 --> 35
Interviewee_07
I mean, this is a project that we we would like to sell I guess and I think the overall strategy that we have here is to tell companies that they should start preparing now because it's very complicated. It's gonna take a lot of resources to be compliant with this regulations. And even though you might think you have some time before because you don't have to report before, I don't know, 2026 for some companies or 2029 for other companies, it's a good idea to start now because you need to have, as I mentioned, all processes in place at least one year before. The financial year and there's a lot of of things to do. So the conclusion is start preparing now.
If I can say.
- 187 0:49:0.625 --> 0:49:1.175
- 188 Parth Sharma
OK.And how and how can like so ESRS has different categories so they have the sector not like that's the cross cutting standards and we have the the ESG categories.So the company companies need to pick which section is relevant for them, right?
- 189 55 --> 05
Interviewee_07
It's a bit more complicated than that, under the cross cutting standards you have two of them. One is about general requirements that you need to consider, and it's where you'll find a lot of useful information also to approach the other ESRS. And the the second one gonna tell you how to conduct the double materiality assessment. Uh, and this will indeed help you narrow down the number of requirements under which you have to report. Uh, that are defined in the remaining ESRS. But I mean, the strategy is the same as I mentioned before. First get an understanding of the regulation, then connect to double materiality assessment then a gap fit assessment, then a road map.
- 190 95 --> 25
Parth Sharma
OK, OK. Sounds good. So CSRD has this digital tagging of information criteria. So how do you see this happening in the reports?
- 191 75 --> 85
Interviewee_07
Companies have to report and and the ex HTML format.
- 192 Umm yeah, but I I'm not exactly sure what it means for companies and the way I see it, I don't know if it's true or not, but it's a bit like OK, you need to have a software. And for each of the disclosure requirements, you will provide the information that you need, and then this software will translate that into an HTML format and you will eventually have report that is under this format and you will publish this report. But I'm not a digital or IT expert, so I can't really say I heard from one company. They were really worried about that because it it define the structure of the reporting, the reporting framework. If I can say.
- 193 15 --> 0:52:3.35
Parth Sharma

Random information

Interview_07

- 194 Do you have any ideas on how organizations can ensure the curious and liability of information under CSRD?
- 195 0:52:6.955 --> 45
Interviewee_07
Uh, their criteria defined in the standards to ensure that the information that you report are accurate and reliable. Uh, I can try to dig them out and send them to you afterwards if you want, But basically, I mean, and the accuracy and reliability it's following a scientific method, right? The data that you collect, they should be. You should be able to explain how you were collected and following the same methodology. We should be able to arrive at the same data. This kind of the **replicability of the results is a key element here**. And then yeah, that's what I can say. But yeah, under the CSRD, you have to flag the changes that appear, The big numbers that change and so on and so forth, and that would also help increasing the accuracy and reliability of the information, I guess. Like, maybe not the accuracy, but just the reliability.
- 196 85 --> 35
Parth Sharma
And what are the some best practices you have seen so far? Obviously, like there's no reporting happening till now for CSRD, but have you observed some good practices in some companies or some industries which could be duplicated to other sectors on other companies?
- 197 5 --> 95
Interviewee_07
Umm, no, it's too early for that, I would say. I mean, what comes? In my mind now is that uh umm? Some companies, yeah. Now non financial, I mean OK, many companies are handling non financial reporting under the CFO (chief financial officer) rather than the CSO (chief sustainability officer), meaning that they are trying to create synergies between financial and non financial reporting. And because of that, companies are moving their non financial reporting from the Sustainability Department towards the financial department.
- 198 85 --> 35
Parth Sharma
And do you see it? See this as a like a positive thing, right?
- 199 0:55:1.595 --> 0:55:3.845
Interviewee_07
I don't think it's either positive or negative. I mean, if it enables a company to streamline its operation and yeah, like be more efficient than its positive, right? I don't think it would affect the quality of the data. I mean, there's a bit of an issue here, obviously because the data that you need to report both under the CSRD and the EU taxonomy are very technical and it's not people who studied at CBS (Copenhagen Business School) or whatever, but can really understand what does data mean. It's like more people like you and me with an engineering background. At least on the environmental side. On the social side, you would need to have social experts kind of or to extend the social knowledge on social topics, here at Firm_07 we have like several experts on the topic. And it's true that it's also getting quite technical. You need to be familiar with different standards, so it's useful to have the appropriate people, and again, it's not really people who studied finance that are able to generate that information. So you need to have a multidisciplinary team.
- 200 --> 35
Parth Sharma
OK, so now you mentioned this multidisciplinary team, so if a company has to, uh, let's say, set up a team to implement CSRD, so how would you envision the formation of this team? Which key members should be there in this team?
- 201 25 --> 45
Interviewee_07
Umm OK. I drafted something about that. I can also send it to you, but the answer is there are many stakeholders that need to be involved and to report under the CSRD. And 1st you need to have the buy in from the top management. Uh, you need to involve the non financial reporting team that will coordinate the project. You need to involve people in risk management because you have to identify your financial risks and opportunities. You have to involve people in the sustainability because they are the ones who will have a good overview of the impact that you're going to have, or even the

Team formation for EU Taxonomy

Random information

Team formation for EU Taxonomy

Interview_07

Team formation for EU Taxonom
Random information

risks and open that you're going to have as a company on at least on the environment topic.

202 You need to involve a **human rights experts** and you need to involve the Governance part of the organization, so the governance bodies, uh, both to get data from them, but also to ensure that yeah, they know where this is Andy is and so on. So that's yeah.

203 55 --> 75

Parth Sharma

And then maybe the IT team as well because they would implement a digital system for collection of data.

204 05 -->

Interviewee_07

Yeah, like to at least at the beginning, the first years to define a proper data management system. I agree.

205 85 --> 95

Parth Sharma

And this is already like 7 or 8 keep key stakeholders in in the team. But like the bigger companies have the access to these people. But when we talk about these SME's and these small companies, they don't have the resources for hiring people with these diverse backgrounds. So how do you see the smaller companies? Working out their way to implement CSRD.

Team formation for EU Taxonom
Random information

206 75 --> 85

Interviewee_07

Umm, the requirement for SME's have not been published yet, the they're gonna be specific requirements for SMES. I think the European Commission is really aware of the issue that you mentioned and has planned to define requirement specific to SMEs, so I can't say that right now. But like yeah, why do you also need all those different people?

207 It's also because of the complexity of your organization and as an SME, you don't need to involve that many people because what you do is much smaller, basically.

208 1:0:11.615 --> 1:0:19.5

Niki Bey

Quentin, just to jump in, do you have an idea when those SME related requirements are intended to be published?

209 1:0:20.205 --> 1:0:20.835

Interviewee_07

No.Uh, it's also that calendar is moving quite quite a lot constantly. Uh, because they plan to have this sector specific requirement coming at the end of the year, but they then realize that companies are completely lost with the double materiality assessment. So they need to provide more guidance on that aspect before moving on with the other requirements. So I think everything is a bit delayed. Yeah, I can't say right now.

210 1:1:2.645 --> 1:1:23.65

Parth Sharma

So the last question, uh, so are there any specific resources and tools out in the market right now which can help the companies to implement CSRD like in case of Utech Sony, the EU has launched the EU Taxonomy compass and then they have this calculation sheet as well where you can just enter your numbers and you would get your alignment. Is there something similar in CSRD or it does EU has plans on developing some kind of tool right now? Do you have an information regard on that area?

211 1:1:34.95 --> 1:1:39.5

Interviewee_07

I mean, it's related to this IT tools that we mentioned earlier. I think several companies have defined an online tool that companies can use to report that EU taxonomy data, but this tool would be yeah, it will be kind of a checklist and it will facilitate the the handling of the data and the process itself, but it won't help you for instance with understanding what the criteria mean, how to implement them and so on and so forth. And this is more something that consulting can do, So us at Firm_07 would do.

Random information
Random information
Random information

212 Like a tool on the CSRD. Yeah, I think that EFRAG, so the the entity in charge of publishing the ESRS, will publish some guidance on the double materiality assessment

Interview_07

quite soon, but I don't have anything else in mind.

213 1:2:35.225 --> 1:2:35.485

Parth Sharma

I also remember just now that apparently these Baltic countries, they have uh joined forces, so this include Finland, Lithuania, Latvia. Yeah, I think these three and one more country, which I don't remember, they have. Come together and they are planning to build a CSRD tool for the companies in this region and this Joint Commission. It's providing some fund for like calling up for ideas to build this to, and they are gonna fund it from the European Union something like that. So there is an official I think. Notice also on this in this area, but I don't, but I think it's more specific to the Baltic countries and I don't know how much uh duplicable it will be across different regions and geographic is because I think CSRD it's a directive, right?

214 1:3:37.515 --> 1:3:37.905

Interviewee_07

Yeah so it's been approved at the European level and then? National states have to translate this European law into their national international law. Yeah, true.

215 1:3:53.835 --> 1:3:55.845

Parth Sharma

So yeah, OK. I think that that the duplication of CSRD is still to be seen by by the Member States, right? Like they have not actually have a in like Denmark doesn't have as CSRD Danish version of how it's gonna be implemented for Danish and Danish companies, right?

216 1:4:16.275 --> 1:4:17.185

Interviewee_07

I don't know.

217 1:4:17.195 --> 1:4:17.985

Interviewee_07

I don't think so.

218 1:4:18.325 --> 1:4:19.5

Niki Bey

So you know.

219 1:4:18.505 --> 1:4:20.605

Parth Sharma

OK. Umm.

220 1:4:26.375 --> 1:4:26.655

Parth Sharma

Umm.

221 1:4:18.455 --> 1:4:29.135

Interviewee_07

But like, yeah, and I mean as you that's the that's what you wanted to say earlier basically like so far it's an European directive.

222 1:4:29.145 --> 1:4:32.695

Interviewee_07

So no matter where you're sitting, you have the same requirement.

223 1:4:33.675 --> 1:4:33.985

Parth Sharma

Hmm.

224 1:4:36.865 --> 1:4:36.955

Parth Sharma

Yes.

225 1:4:35.445 --> 1:4:45.295

Niki Bey

Uh Parth, just to to uh, also jump in, could you share this just some heading or information about this finish slash Baltic thing?

226 1:4:44.365 --> 1:4:46.365

Parth Sharma

Yes, yes, yes.

227 1:4:46.125 --> 1:4:49.535

Niki Bey

Umm OK super. Thanks.

228 1:4:50.205 --> 1:4:51.245

Parth Sharma

Interview_07

- OK, sounds good.
229 1:4:55.125 --> 1:4:55.365
Niki Bey
Yeah.
- 230 1:4:53.195 --> 1:4:55.945
Parth Sharma
Uh, yeah, I think that's.
- 231 1:4:55.995 --> 1:4:57.55
Parth Sharma
Yeah, that's all.
- 232 1:4:58.145 --> 1:5:0.115
Parth Sharma
And thank you for taking out this time.
- 233 1:5:0.125 --> 1:5:8.885
Parth Sharma
Quentin, this was really helpful and sorry for exceeding the time because we were just so much into discussions and more questions were cropping up every now and then.
- 234 1:5:9.455 --> 1:5:14.285
Parth Sharma
And thank you for answering those on the spot questions and everything.
- 235 1:5:15.205 --> 1:5:15.915
Interviewee_07
No problem.
- 236 1:5:15.475 --> 1:5:16.515
Parth Sharma
Yeah, yeah.
- 237 1:5:16.405 --> 1:5:20.155
Interviewee_07
Yeah, sometimes I get a bit lost with the details, so it's not.
- 238 1:5:21.125 --> 1:5:23.675
Interviewee_07
Yeah, I hope it was understandable for you.
- 239 1:5:24.55 --> 1:5:24.255
Parth Sharma
Yeah.
- 240 1:5:23.925 --> 1:5:32.105
Interviewee_07
But I mean, it's happy to help always, so feel free to reach out if you have any any further questions.
- 241 1:5:33.95 --> 1:5:34.675
Parth Sharma
Sure, sure sounds good.
- 242 1:5:36.75 --> 1:5:36.215
Parth Sharma
Yeah.
- 243 1:5:36.325 --> 1:5:36.755
Niki Bey
Yeah.
- 244 1:5:38.245 --> 1:5:38.585
Parth Sharma
Yeah.
- 245 1:5:38.655 --> 1:5:39.5
Parth Sharma
Thank you.
- 246 1:5:39.15 --> 1:5:40.65
Parth Sharma
Thank you for joining as well.
- 247 1:5:37.185 --> 1:5:42.185
Niki Bey
Things on the jumping of having something in 15 minutes.
- 248 1:5:42.195 --> 1:5:42.685
Niki Bey
OK, super.
- 249 1:5:42.655 --> 1:5:43.205
Parth Sharma
Yeah.
- 250 1:5:43.255 --> 1:5:43.885

Interview_07

Parth Sharma
OK.
251 1:5:42.695 --> 1:5:44.455
Niki Bey
Thanks. Alright.
252 1:5:44.195 --> 1:5:44.995
Interviewee_07
Thank you. Bye.
253 1:5:44.525 --> 1:5:45.705
Niki Bey
Thanks both bye.
254 1:5:43.975 --> 1:5:46.85
Parth Sharma
So yeah, have a good week.
255 1:5:46.175 --> 1:5:46.435
Parth Sharma
Bye bye.