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**WORKING PAPER IN PREPARATION OF  
DRAFT EUROPEAN SUSTAINABILITY REPORTING STANDARDS**

**ESRS Road Transportation  
FOR SR TEG DISCUSSION**

**This working paper has not yet been reviewed by the Central PMO of the EFRAG Secretariat and is therefore still subject to considerable changes, including moving of ARs to front part of document.**

**Furthermore, a decision on structure of the document is still outstanding and it currently differs from the other WPs/EDs seen by EFRAG SR TEG.**

**DISCLAIMER**

The working paper Road Transportation is set out in paragraphs X-X and Appendices A: Defined Terms and B: Application Requirements. Appendices A and B have the same authority as the main body of the [draft] Standard. Each Disclosure Requirement is stated in a bold paragraph followed by the objective of the disclosures. This working paper also uses terms defined in other [draft] ESRs and shall be read in the context of its objective.

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## Objective

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- 1 The objective of this [draft] ESRS is to specify Disclosure Requirements applicable to all undertakings within the Road Transportation Sector that are additional to the sector-agnostic ESRS disclosures. They address impacts, risks and opportunities not covered, or not sufficiently covered, by sector-agnostic Disclosure Requirements and have to be applied in conjunction with them.
- 2 In addition, this [draft] ESRS also specifies Road Transportation sector specific application requirements to existing sector-agnostic Disclosure Requirements, which should be taken into consideration by the undertaking in the preparation of their sustainability disclosures.
- 3 Disclosure Requirements in this [draft] ESRS will enable users of the sustainability statements to understand the undertaking's material impacts, as well as related material risks and opportunities arising with regard to a list of sustainability matters that are material for the undertakings in the Road Transportation Sector.
- 4 This [draft] Standard requires undertakings in the sector to disclose:
  - a) the material actual or potential, positive or negative impacts in relation the environmental, social and governance matters material for the Road Transportation Sector;
  - b) any actions taken, and the result of such actions, to prevent or mitigate actual or potential material negative impacts;
  - c) the nature, type and extent of the undertaking's material risks and opportunities related to its impacts and dependencies in relation to the list of matters that are material for the Road Transportation Sector, (as identified in Appendix C of this [draft] ESRS) and how the undertaking manages them; and
  - d) the financial effects on the undertaking over the short-, medium- and long-term time horizons of material risks and opportunities.

## Interaction with other ESRS

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- 5 This Road Transportation sector [draft] ESRS identifies a list of matters that shall be considered material for any undertaking operating in the Road Transportation sector, irrespective of the outcome of their materiality assessment. The undertaking within the scope of application of this [draft] ESRS shall consider, for the purposes of paragraph 31 of ESRS 1 *General Requirements*, that the sustainability matters listed in the table in paragraph 11 below are material. The undertaking shall apply paragraphs 33 to 39 of ESRS 1 to define the information to be included in its sustainability statements in relation to each of these matters.
- 6 An undertaking is within the scope of application of this [draft] ESRS when it discloses Road Transportation as a significant sector according to paragraph 38 (b) and/or (c) of ESRS 2 General Disclosures, using the criteria in AR 12 of ESRS 2 to define a significant sector.
- 7 [draft] ESRS SEC 1 *Sector classification* defines the aggregation of activities (NACE codes) into sectors for the purposes of applying sector ESRS. The list of NACE codes that are considered as pertaining to the Road Transportation sector are listed in Appendix D to this [draft] ESRS, consistent with SEC 1.
- 8 This Road Transportation sector [draft] ESRS also stipulates sector specific Disclosure Requirements applicable to undertakings in the sector and includes two types of requirements:
  - a) requirements that provide sector-specifications in relation to sector agnostic Disclosure Requirements in order to either (i) complement with additional datapoints - presented in the main body of this [draft] Standard as sector-

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agnostic related Disclosure Requirement - or (ii) support the application of Disclosure Requirements - presented in the Application Requirements of this [draft] Standard and therefore to be disclosed if the related Disclosure Requirement from sector-agnostic disclosure is material;

- b) sector-specific Disclosure Requirements to be reported additionally to the Disclosure Requirements in the sector-agnostic standards – presented in the main body of this standard and when applicable accompanied by Application Requirements in Appendix B of this standard. These Disclosure Requirements are separately numbered.

- 9 Undertakings in the Road Transportation sector shall apply the [draft] cross cutting and [draft] topical ESRS requirements in addition to requirements of this Standard to both its own operations and, where relevant, to reporting on material impacts, risks and opportunities in the undertaking's value chain.
- 10 Undertakings in the sector shall assess all sustainability matters relevant for them for materiality and subject to that materiality assessment, apply all disclosures related to material sustainability matters.
- 11 When preparing its sustainability statements, the undertaking shall group the disclosures by cross-cutting reporting area and, where applicable, by sustainability matter according to the provisions set out in [draft] ESRS 1 paragraph 117. Disclosures stemming from the [draft] Road Transportation ESRS shall be presented alongside the disclosures required by the corresponding sector-agnostic ESRS.

### a) Sector description and sustainability matters

#### **Sector Description: Road Transportation**

- 12 The Road Transportation sector includes:
  - a) Operation of passenger land transport and in particular for motor vehicles, operation of vehicles designated as category M2 or M3, in accordance with Article 4(1) of Regulation (EU) 2018/858, for the provision of passenger transport.

The economic activities in this category may include operation of different modes of land transport, such as by motor bus, trolley bus. The economic activities in this category also include taxi operation, scheduled long-distance bus services, charters, excursions and other occasional coach services, airport shuttles (including within airports), operation of school buses and buses for the transport, rental and leasing of cars and light motor vehicles.
  - b) Freight transport services by road defined as operation of vehicles designated as category N1, N2 or N3 falling under the scope of EURO VI, step E or its successor, for freight services by road. The economic activities in this category may include rental and leasing of trucks.
- 13 In particular, according to the NACE code classification, the Road Transportation sector includes:
  - a) Urban and suburban passenger land transport (H49.31)
  - b) Taxi operation (H49.32)
  - c) Other passenger land transport not classified elsewhere (H49.39)
  - d) Rental and leasing of cars and light motor vehicles (N77.11)
  - e) Freight transport services by road (H49.41, H49.42, H53.10, H53.20)
  - f) Rental and leasing of trucks (N77.12)
- 14 The sector also includes service activities incidental to land transportation (H. 52.21), including postal and courier activities, such as pickup, transport and delivery of letters and

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parcels under various arrangements. Local delivery and messenger services are also included.

### **Sustainability Matters: Road Transportation Sector**

15 This [draft] ESRS sets out Disclosure Requirements related to the sustainability matters considered material to the Road Transportation sector as set out in the table below.

16 Detailed descriptions of sustainability matters are included in Appendix C.

<b>Environmental</b>	<b>Social</b>	<b>Governance</b>
E1: Climate change mitigation (*)	S1: Working conditions (*)	G1: Corporate culture (*)
E1: Climate change adaption (*)	S1: Equal treatment and opportunities for all (*)	G1: Corruption and bribery (*)
E1: Energy (*)	S1: Other work-related rights (*)	G1: Protection of whistle-blowers (*)
E2: Pollution of Air (*) including noise pollution	S2: Working conditions (*)	G1: Political engagement and lobbying activities (*)
E2: Pollution of Soil (*)	S2: Equal treatment and opportunities for all (*)	G1: Management of relationships including payment practices (*)
E4: Direct impact drivers on biodiversity loss (*)	S2: Other work-related rights (*)	
E4: Impacts on the state of species (*)	S4: Personal safety of consumers and/or end users (*)	
E4: Impacts on the extent and condition of ecosystems (*)	S4: Social inclusion of consumers and/or end users (*)	
E5: Resources outflows related to products and services (*)		
(*) Sustainability matter covered by Disclosure Requirements in the topical sector-agnostic ESRS (see ESRS 1 Appendix B table in paragraph AR 12.)		



## Passenger land transport - Specific Disclosure Requirements and specifications

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### **ESRS E1 – related requirements**

#### **Datapoints related to ESRS E1-5 - Average fleet energy efficiency**

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- 17 When disclosing under ESRS E1-5 *Energy consumption and mix*, the undertaking shall disclose additional information about its fleet energy efficiency, including:
- (a) the average fleet energy efficiency, expressed in kWh/100km and disaggregated by geographic region split by powertrain type; and
  - (b) the average fleet energy efficiency per passenger, expressed in kWh/100km/passenger, disaggregated by geographic region and split by powertrain type.

#### **Datapoints related to ESRS E1-6 - Average fleet CO2 emissions**

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- 18 When disclosing under ESRS E1-6 *Gross scopes 1,2 and 3 and Total GHG emissions*, the undertaking shall disclose additional information about its average fleet vehicle CO<sub>2</sub> emissions by Scope 1, 2 and 3.

#### **Disclosure Requirement RT – PT 1 – Fleet composition**

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- 19 The undertaking shall disclose information about its fleet composition.**
- 20 The objective of this Disclosure Requirement is to provide an understanding about the share of vehicles with alternative drive systems in relation to conventional vehicles in the undertaking's fleet.
- 21 The disclosure required by paragraph 19 shall include the number of vehicles as a percentage of the total fleet vehicles during the reporting period that can be classified as:
- (a) zero emission vehicles (ZEV) and
  - (b) plug-in hybrid electric vehicles.

### **ESRS E2 – related requirements**

#### **Datapoints related to ESRS E2-4 – Pollution of air**

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- 22 When disclosing under ESRS E2-4 *Pollution of air, water and soil* the undertaking should disclose additional information about the vehicles stage of compliance with the requirements of Euro 4, Euro 5, Euro 6 and following standard heavy duty emission type-approval in the following format:
- (a) % of fleet meeting Euro 4
  - (b) % of fleet meeting Euro 5
  - (c) % of fleet meeting Euro 6 and following standards and
  - (d) % of fleet not meeting any of the above standards.

#### **Disclosure Requirement RT – PT 2 – Noise pollution**

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- 23 The undertaking shall disclose on noise pollution for road vehicles of category M.**
- 24 The objective of this Disclosure Requirement is to have an overview of the type of tyres used by the undertaking on its vehicles and their link with noise pollution.

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- 25 The disclosure required under paragraph 23 shall include information on tyres compliance with external rolling noise requirements, expressed in average dB (in comparison with the limit value) per vehicle.

### **ESRS E4 – related requirements**

#### ***Datapoints related to ESRS E4-5 – Biofuels usage***

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- 26 When disclosing under ESRS E4-5 *Impact metrics related to biodiversity and ecosystems change* the undertaking shall disclose its biofuels, bioliquids and biomass fuels usage, including the following information:
- (a) Total quantity of biofuels, bioliquids and biomass used in absolute terms,
  - (b) Quantity of biofuels, bioliquids or biomass fuels used as % of total fuel used
  - (c) Breakdown by geographic origin and feedstock type.
- 27 In addition, when disclosing under the requirement outlined in paragraph 32(c), the undertaking shall specify if the biofuels, bioliquids and biomass are produced with first generation feedstock (food & feed crops) or feedstock listed in Annex IX part A or B of Directive (EU) 2018/2001 on the promotion of the use of energy from renewable sources or any other feedstock.

### **ESRS E5 – related requirements**

#### ***Disclosure Requirement RT – PT 3 – Maintenance and repair***

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- 28 The undertaking shall disclose information on maintenance and repair of its fleet.**
- 29 The objective of this Disclosure Requirement is to give an overview of how much the undertaking invests in extending the lifetime of its operated vehicles.
- 30 The disclosure required under paragraph 28 shall include the share of the undertakings total operational expenses (OpEx) allocated to maintenance and repair of the vehicles it operates.

#### ***Disclosure Requirement RT – PT 4 – Passenger-kilometre***

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- 31 The undertaking shall disclose the passenger-kilometre of vehicles it operates.**
- 32 The objective of this Disclosure Requirement is to provide an overview of the use intensity and efficiency of vehicles in operations.
- 33 The disclosure required under paragraph 31 shall include the data expressed in million passenger-kilometre, which represents the transport of a passenger for one kilometre.

#### ***Disclosure Requirement RT – PT 5 – Share of retrofitted or second-hand vehicles***

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- 34 The undertaking shall disclose the share of procured retrofitted or second-hand vehicles.**
- 35 The objective of this Disclosure Requirement is to provide an overview of the circularity of the fleet.
- 36 The disclosure required under paragraph 34 shall include the data expressed in percentage over the total fleet of the reporting year.

### **ESRS S1 – related requirements**

#### ***Disclosure Requirement RT – PT 6 – Working conditions***

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- 37 The undertaking shall disclose the average total annual number of driving hours per driver in its own workforce.**

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- 38 The objective of this Disclosure Requirement is to provide an overview of the working time of drivers.
- 39 The disclosure requirement under paragraph 37 shall include the average total annual number of driving hours per driver in its own workforce.

### ***Datapoints related to ESRS S1-13 Training and skills development indicators***

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- 40 When disclosing under ESRS S1-13 *Training and skills development indicators*, the undertaking shall disclose the average hours of training per driver per year.

### **ESRS S4 – related requirements**

#### ***Disclosure Requirement RT – PT 8 – Right to transport and accessibility***

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- 41 The undertaking shall disclose the right to transport and accessibility.**
- 42 The objective of this Disclosure Requirement is to provide an understanding of the accessibility of public transport services to persons with reduced mobility.
- 43 The disclosure required under paragraph 41 shall include:
- The share of ticket machines that are qualified as accessible,
  - The share of fleet vehicles that are qualified as accessible and
  - The share of stations and / or stops that qualify as accessible.

#### ***Disclosure Requirement RT – PT9 – Accidents with deaths***

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- 44 The undertaking shall disclose the estimated yearly percentage (%) of accidents with deaths.**
- 45 The objective of this Disclosure Requirement is to give an overview of the impact of the undertaking on passengers or involving vulnerable road users (pedestrians, cyclists and motorcyclists).

### **ESRS G1- related requirements**

Drafting as for MIN/OG for:

- Datapoints relating to ESRS G1-2 – Management of relationship with suppliers
- Disclosure Requirement RT – PT 10 - Contract transparency
- Disclosure Requirement RT – PT 11- State aid and competition law
- Disclosure Requirement RT – PT 12- Beneficial owners
- Disclosure Requirement RT – PT 13– Cybersecurity
- Data points related to [draft] ESRS G1-5 Business conduct

## **Freight transport services by road - Specific Disclosure Requirements and specifications**

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### **ESRS 2 – related requirements**

#### **Datapoints related to ESRS 2 – SBM 1 Market position, strategy, business model(s) and value chain**

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- 1 When disclosing under ESRS2 – SBM1 paragraph 38, the undertaking shall disclose additional information about its dependence on subcontracting of workers and posted workers to enhance understanding if the undertaking is using subcontracting as business model and strategy for profit.

### **ESRS E1 – related requirements**

#### **Datapoints related to ESRS E1-5 – Average fleet energy efficiency**

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- 2 When disclosing under ESRS E1-5 *Energy consumption and mix*, the undertaking shall disclose additional information about its fleet energy efficiency, including the average fleet energy efficiency expressed in kWh/100km and disaggregated by geographic region split by powertrain type.

#### **Datapoints related to ESRS E1-6 – Freight GHG intensity**

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- 3 When disclosing under ESRS E1-5 *Energy consumption and mix*, the undertaking shall disclose additional information on the average transport-related fleet CO<sub>2e</sub> emissions per t/km, expressed in gCO<sub>2</sub>/t/km.

#### **Disclosure Requirement RT-FT 1 – Fleet composition**

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- 4 **The undertaking shall disclose information about its fleet composition.**
- 5 The objective of this Disclosure Requirement is to provide an understanding about the share of vehicles with alternative drive systems in relation to conventional vehicles in the undertaking's fleet.
- 6 The disclosure required under paragraph 4 shall include the number of vehicles as a percentage of the total fleet vehicles during the reporting period that can be classified as:
  - (a) zero emission vehicles (ZEV),
  - (b) plug-in hybrid electric vehicles, and
  - (c) low-emission vehicles (gas trucks).

### **ESRS E2 – related requirements**

#### **Disclosure Requirement RT-FT 2 – Noise pollution**

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- 7 **The undertaking shall disclose on noise pollution for road vehicles of category N.**
- 8 The objective of this Disclosure Requirement is to have an overview of the type of tyres used by the undertaking on its vehicles and their link with noise pollution.
- 9 The disclosure required under paragraph 7 shall include information on tyres compliance with external rolling noise requirements, expressed in average dB (in comparison with the limit value) per vehicle.

#### **Datapoints related to ESRS E2-4 – Pollution of soil**

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- 10 **When disclosing under ESRS E2-4 *Pollution of air, water and soil*, the undertaking shall disclose additional information about the estimated total number of accidents that cause fuel leakage.**

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- 11 The objective of this Disclosure Requirement is to provide an overview of the impact the undertaking has on soil pollution from fuel leakages.

### **ESRS E4 – related requirements**

#### ***Datapoints related to ESRS E4-5 – Biofuels usage***

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- 12 When disclosing under ESRS E4-5 *Impact metrics related to biodiversity and ecosystems change* the undertaking shall disclose its biofuels, bioliquids and biomass fuels usage, including the following information:
- (a) Total quantity of biofuels, bioliquids and biomass used in absolute terms
  - (b) Quantity of biofuels, bioliquids or biomass fuels used as % of total fuel used
  - (c) Breakdown by geographic origin and feedstock type.
- 13 In addition, when disclosing under the requirement outlined in paragraph 71 (c), the undertaking shall specify if the biofuels, bioliquids and biomass are produced with first generation feedstock (food & feed crops) or feedstock listed in Annex IX part A or B of Directive (EU) 2018/2001 use of energy from renewable sources or any other feedstock.

### **ESRS E5 – related requirements**

#### ***Disclosure Requirement RT-FT 3 – Maintenance and repair***

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- 14 **The undertaking shall disclose information on maintenance and repair of its fleet.**
- 15 The objective of this Disclosure Requirement is to give an overview of how much the undertaking invests in extending the lifetime of its operated vehicles.
- 16 The disclosure required under paragraph 14 shall include the share of the undertakings total operational expenses (OpEx) allocated to maintenance and repair of the vehicles it operates.

#### ***Disclosure Requirement RT-FT 4 – Tonne-kilometres***

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- 17 **The undertaking shall disclose the tonne kilometres of the vehicles it operates.**
- 18 The objective of this Disclosure Requirement is to provide an overview of the use intensity and efficiency of vehicles in operation.
- 19 The disclosure required under paragraph 17 shall include the data expressed in million tonne-kilometre (tkm).

#### ***Disclosure Requirement RT-FT 5 – Share of retrofitted or second-hand vehicles***

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- 20 **The undertaking shall disclose the share of procured retrofitted or second-hand vehicles.**
- 21 The objective of this Disclosure Requirement is to provide an overview of the circularity of the fleet.
- 22 The disclosure required under paragraph 20 shall include the data expressed in percentage over the total fleet of the reporting year.

### **ESRS S1 – related requirements**

#### ***Datapoints related to ESRS S1-6, S1-7***

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- 23 When disclosing under ESRS S1-6 *Characteristics of the undertaking's employees* and ESRS S1-7 *Characteristics of non-employee workers in the undertakings own workforce*, the undertaking shall disclose additional information about the percentage of posted workers over total workers in each category.

***Disclosure Requirement RT-FT 6 – Working time***

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- 24 The undertaking shall disclose the following data points related to working time: % of drivers regularly working multi-day away-from-home assignments
- a. % of workers regularly working evening shifts
  - b. % of drivers regularly working night shifts
  - c. % of drivers regularly working on Saturdays and/or Sundays

***Disclosure Requirement RT-FT 6 – Working conditions***

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- 25 **The undertaking shall disclose the total average annual number of driving hours per driver in its own workforce.**
- 26 The objective of this Disclosure Requirement is to provide an overview of the working time of drivers.
- 27 The disclosure required under paragraph 108 shall include a split between:
- a. own drivers
  - b. own vehicles operated by external drivers.

***Disclosure Requirement RT-FT 7 – Rest facilities***

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- 28 **The undertaking shall disclose information on the degree to which its operational sites offer drivers the possibility to use adequate sanitary or rest facilities.**
- 29 The objective of this Disclosure Requirement is to provide an overview of drivers' working conditions while on sites controlled by the undertaking.
- 30 The disclosure required under paragraph 86 shall include the share of owned and leased sites of the undertaking with sanitary or rest facility for long haul drivers compared to the total of its owned and leased sites used for long haul traffic, per geographical region.

***Disclosure Requirement RT-FT 8 – Weekly rest periods***

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- 31 **The undertaking shall disclose the number of regular weekly rest periods per driver.**
- 32 The objective of this Disclosure Requirement is to understand if the drivers have access to regular weekly rest periods and therefore to have a better overview of drivers' working conditions.
- 33 The disclosure required under paragraph 89 shall include the data expressed in hours of rest time per week per driver.

***Disclosure Requirement RT-FT 9 – Daily driving time***

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- 34 **The undertaking shall disclose the daily driving time per driver.**
- 35 The objective of this Disclosure Requirement is to provide an overview of how many hours per day the undertaking's own drivers work on average.
- 36 The disclosure required under paragraph shall include:
- (a) the average absolute number of hours worked per day per own driver, and
  - (b) the average absolute number of hours worked per day per external driver operating a vehicle leased or owned by the undertaking.

***Disclosure Requirement RT-FT10 – Daily rest period***

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- 37 **The undertaking shall disclose the daily rest period per driver.**
- 38 The objective of this Disclosure Requirement is to provide an overview of how many hours of rest per day the undertaking's own drivers take on average.

***Disclosure Requirement RT-FT11 – Safety technologies utilised in fleet***

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**39 The undertaking shall disclose the safety technologies utilised in its fleet.**

40 The objective of this Disclosure Requirement is to provide an overview of what safety systems the undertaking is using to help safeguard drivers' safety.

41 The disclosure required under paragraph 97 shall include reference to the following safety technologies (please note this is not an exhaustive list but rather guidance):

- (a) Automatic emergency braking (AEB),
- (b) Intelligent Forward Collision warning system,
- (c) Driver attention warning, and
- (d) Driver drowsiness detection system.

***Datapoints related to [draft] ESRS S1-13 Training and skills development indicators***

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42 When disclosing under ESRS S1-13 *Training and skills development indicators*, the undertaking shall disclose the average hours of training per driver per year.

***ESRS S3 – related disclosures***

***Disclosure Requirement RT – FT13 – Accidents with deaths***

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**43 The undertaking shall disclose the yearly percentage (%) of accidents with deaths.**

44 The objective of this Disclosure Requirement is to give an overview of the impact of the undertaking on passengers or involving vulnerable road users (pedestrians, cyclists and motorcyclists).

***Governance – related disclosures***

Drafting as for MIN/OG for:

- Datapoints relating to ESRS G1-2 – Management of relationship with suppliers;
- Disclosure Requirement RT – FT 14 - Contract transparency;
- Disclosure Requirement RT – FT 15- State aid and competition law;
- Disclosure Requirement RT – FT 16- Beneficial owners;
- Disclosure Requirement RT – FT 17– Cybersecurity; and
- Data points related to [draft] ESRS G1-5 Business conduct.



## Appendix A: Defined terms

This appendix is integral part of the [draft] ESRS.

<b>Advanced Biofuels</b>	According to the Renewable Energy Directive (EU) 2018/2001, advanced biofuels are defined as biofuels that are produced from the feedstock listed in Part A of Annex IX.
<b>Biofuels</b>	Liquid fuel for transport produced from biomass;
<b>Biomass</b>	The biodegradable fraction of products, waste and residues from biological origin from agriculture, including vegetal and animal substances, from forestry and related industries, including fisheries and aquaculture, as well as the biodegradable fraction of waste, including industrial and municipal waste of biological origin.
<b>Biomass fuels</b>	Gaseous and solid fuels produced from biomass;
<b>Bioliquids</b>	Liquid fuel for energy purposes other than for transport, including electricity and heating and cooling, produced from biomass;
<b>Break</b>	Any period during which a driver may not carry out any driving or any other work and which is used exclusively for recuperation;
<b>Driver</b>	Any person who drives the vehicle even for a short period, or who is carried in a vehicle as part of his duties to be available for driving if necessary;
<b>Driving time</b>	<ul style="list-style-type: none"> <li>- automatically or semi-automatically by the recording equipment as defined in Annex I and Annex IB of Regulation (EEC) No 3821/85, or</li> <li>- manually as required by Article 16(2) of Regulation (EEC) No 3821/85;</li> </ul>
<b>Daily/Weekly rest period</b>	The daily/weekly period during which a driver may freely dispose of his time
<b>Week</b>	means the period of time between 00.00 on Monday and 24.00 on Sunday;
<b>Fleet energy efficiency</b>	Energy efficiency represents the level of energy consumed while realising transport operations. Transport process energy efficiency represents the ratio of transport volume and energy consumption.
<b>Fleet fuel efficiency</b>	Average fuel economy of its medium- and heavy-duty commercial vehicles, weighted by the number of fleet vehicles of the reporting period.
<b>Geographic region</b>	Geographical large primary division of the world for which the entity conducts segment financial reporting. Regions that shall be considered are: North America, Middle and South America, North Africa and Southwest Asia, Sub-Saharan Africa, Europe, Russia, South Asia, East and Southeast Asia, Australia and the Pacific.



## Road Transportation

<b>Passenger- kilometre</b>	A unit of measurement that is equivalent to transporting a passenger over a distance of one kilometre. To calculate passenger-kilometre, transport kilometres are multiplied by average number of passengers.
<b>Politically Exposed Persons (PEP)</b>	The Financial Action Task Force defines a PEP as an individual entrusted with a prominent public function.
<b>Plug-in hybrid electric vehicles</b>	Vehicles that offer electric driving with an electric motor powered by a large battery pack that is charged by plugging into a source of electricity.
<b>Posted worker</b>	“Posted worker” is an employee who is sent by his employer to carry out a service in another EU Member State on a temporary basis.
<b>Powertrain</b>	Vehicle propulsion type
<b>Rest</b>	Any uninterrupted period during which a driver may freely dispose of his time;
<b>Retrofitted vehicles</b>	Vehicles whose combustion engine, petrol or diesel, has been replaced with a battery or hydrogen electric motor.
<b>Road vehicles categories</b>	The vehicle classification categories for regulatory purposes. The main categories of vehicles are: <ul style="list-style-type: none"> <li>• Category M: vehicles carrying passengers</li> <li>• Category N: vehicles carrying goods</li> <li>• Category L: 2- and 3-wheel vehicles and quadricycles</li> </ul>
<b>Tonne-kilometre</b>	A measurement unit corresponding to the transport of one ton over a distance of one kilometre. To calculate tonne-kilometre, transport kilometres are multiplied by average tonnes
<b>Zero-emission vehicles (ZEV)</b>	Vehicles driven only by an electric motor that are powered by advanced-technology batteries or hydrogen fuel cell and have no tailpipe emissions over their entire lifetime under any and all possible operational modes and conditions.

## Appendix B: Application Requirements

This Appendix is an integral part of the proposed [draft] ESRS Road Transportation. It describes the application of the requirements set for in the section paragraphs X to X and has the same authority as the other parts of the [draft] ESRS Standard.

### Passenger land transport

#### ***Application Requirement related to ESRS E1-1 and ESRS E1-4 – Transition plan of the fleet***

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- AR1. When disclosing information in accordance with Disclosure Requirements E1-1 *Transition plan for climate change mitigation* and E1-4 *Targets related to climate change mitigation and adaptation*, the undertaking shall disclose:
- its targets on sector-specific forward-looking information; and
  - its pathway to achieve a net-zero fleet by 2050.
- AR2. When preparing the information required under paragraph XXX, the undertaking shall consider disclosing its targets following the format below:
- x% ZEV / total fleet in 2030
  - x% ZEV / total fleet in 2035
  - x% ZEV / total fleet in 2040
  - x% ZEV / total fleet in 2045
- AR3. The objective of this Application Requirement is to provide an overview of the trajectory the undertaking has set to decarbonise its fleet.

#### ***Application Requirement related to ESRS E1-5 - Average fleet energy efficiency***

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- AR4. The undertaking shall consider referring to the following conversion factors for measuring fuel efficiency:
- Petrol: 8.92 kWh/L, so it means that 1L of petrol corresponds to 8.92 kWh
  - Diesel: 9.96 kWh/L, so it means that 1L of diesel corresponds to 9.96 kWh

#### ***Application Requirement related to ESRS E1-5 - Average fleet energy efficiency per passenger***

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- AR5. In the absence of granular passenger data, the undertaking shall consider estimating the number of passengers (e.g. for buses or other transport modes).

#### ***Application Requirement RT – PT 2 – Fleet composition***

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##### **Calculation guidance**

- AR6. When preparing the information on fleet composition required under ESRS RT – PT 1 paragraph 17, the undertaking shall:
- express the absolute number of vehicles with alternative drive systems (nominator) separately as:
    - absolute number of own and leased zero-emission and plug-in hybrid electric vehicles used in transport related activities;
    - absolute number of own and leased zero-emission vehicles used in transport related activities; or
    - absolute number of own and leased plug-in electric vehicles used in transport related activities.
  - express the absolute number of vehicles (denominator) as the total number of owned and leased vehicles used in transport related activities.
  - vehicles counted under this Disclosure Requirement shall be of the categories M according to Regulation (EU) No 168/2013 and Directive 2007/46/EC.

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AR7. The information on fleet composition may be presented using the following tabular format:

Fleet composition	Comparative	Year N	Year N-1
Total share of vehicles with alternative drive systems			
Share of Zero - emission vehicles (ZEV)			
Share of plug-in hybrid electric vehicles			

### ***Application Requirement RT – PT 3 – Maintenance and repair***

AR8. Where relevant, disclosures shall include customer and supplier engagement efforts, equipment servicing or exchange programs, and other incentives to encourage maintenance and repair.

## **Freight transport services by road**

### ***ESRS E1 climate change***

#### ***Application Requirement related to ESRS E1-1 and ESRS E1-4 – Transition plan of the fleet***

AR9. **When reporting under agnostic Disclosure Requirements E1-1 Transition plan for climate change mitigation and E1-4 Targets related to climate change mitigation and adaptation, the undertaking shall disclose targets on sector specific forward-looking information.**

AR10. The undertaking shall disclose its pathway to achieve net-zero fleet by 2050.

AR11. The objective of this additional requirement is to provide an overview of the trajectory the undertaking has set to decarbonise its fleet.

AR12. When preparing the information required under paragraph 3, the undertaking shall consider to disclose its targets following the format below:

- a. x% ZEV / total fleet in 2030
- b. x% ZEV / total fleet in 2035
- c. x% ZEV / total fleet in 2040
- d. x% ZEV / total fleet in 2045

#### ***Application Requirement related to ESRS E1-6 – Freight GHG intensity***

##### **Calculation guidance**

AR13. When preparing the information on freight GHG emission intensity required under paragraph 44, the undertaking shall:

- a. calculate the freight GHG emission intensity using the following formula:

$$\frac{\text{Total CO}_2\text{e emissions from own road transport related operation (kg)}}{\text{Quantity of freight (t/km)}}$$

- b. express the total CO<sub>2</sub>e emissions in kilograms and the quantity of freight as ton-kilometers.

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AR14. In specific circumstances (post and parcels operations and containerized transport) alternatives to ton-kilometers can be used for determining the quantity of freight. Examples can be:

- a. for post and parcel operations, where knowledge of individual items is limited, the quantity of freight may be the number of items
- b. for container transport, the quantity of freight may be the number of freight number of twenty-foot equivalent container units (TEUs). Where such a choice is made, the mass of freight should be calculated using the actual mass of freight per TEU, if known, or otherwise using an average mass per TEU.

Any such choice should be justified and documented.

AR15. The numerator and denominator shall only consist of the proportion of the total CO<sub>2</sub>e emissions (in the numerator) and the quantity of freight (in the denominator) that are attributable to the undertaking's own road transport operations or those the undertaking has operational control over. In effect, there should be consistency in the scope of both the numerator and denominator;

AR16. The abovementioned calculations under this Disclosure Requirement shall be made in accordance the GHG protocol and the ISO/DIS 14083:2022(E).

### **Application Requirement RT – FT 1 – Fleet composition**

#### **Calculation guidance**

AR17. When preparing the information on fleet composition required under ESRS RT – FT 1 paragraph 47, the undertaking shall:

- a. express the absolute number of vehicles with alternative drive systems (nominator) separately as:
  - (i) absolute number of own and leased zero-emission, hybrid and low emission vehicles used in transport related activities;
  - (ii) absolute number of own and leased zero-emission vehicles used in transport related activities;
  - (iii) absolute number of own and leased hybrid vehicles used in transport related activities;
  - (iv) absolute number of own and leased low emission vehicles (gas trucks).
- b. express the absolute number of vehicles (denominator) as the total number of owned and leased vehicles used in transport related activities.
- c. vehicles counted under this Disclosure Requirement shall be of the categories L and N according to Regulation (EU) No 168/2013 and Directive 2007/46/EC.

AR18. The information on fleet composition may be presented using the following tabular format:

<b>Fleet composition</b>	<b>Comparative</b>	<b>Year N</b>	<b>Year N-1</b>
Total share of vehicles with alternative drive systems			
Share of Zero - emission vehicles (ZEV)			
Share of hybrid vehicles			
Share of low-emission vehicles			

## Road Transportation

AR19. In the context of this Disclosure Requirement, undertakings shall consider to also disclose their use of cycle and personal logistics under for instance Disclosure Requirement E1-1 paragraph 15b or Disclosure Requirement E1-4 paragraph 32f.

### **ESRS E5 – related requirements**

#### **Application Requirement RT – FT 4 – Maintenance and repair**

AR20. Where relevant, disclosures shall include customer and supplier engagement efforts, equipment servicing or exchange programs, and other incentives to encourage maintenance and repair.

### **ESRS S1 – related requirements**

#### **Application Requirement RT – FT7 – Working conditions**

AR21. The undertaking shall calculate the average considering the total number of hours divided per the number of drivers.

## **Supplement to Appendix B.1: Application Requirements for ESRS 2 related disclosures under ESRS S1 Own workforce**

This supplement to Appendix B.1 is an integral part of [draft] ESRS Road Transportation and it supports the application of ESRS 2 related disclosures under ESRS S1 Own workforce.

<b>Social and human rights matters</b>	<b>Non-exhaustive list of factors to consider in Materiality assessment</b>
<b>Secure employment</b>	% of posted workers in own workforce
<b>Working time</b>	% of drivers regularly working multi-day away-from-home assignments % of workers regularly working evening shifts % of drivers regularly working night shifts % of drivers regularly working on Saturdays and/or Sundays
<b>Adequate wages</b>	Allowances for housing for away-from-home assignments
<b>Health and Safety</b>	Risk of driver fatigue

## **Supplement to Appendix B.2: Application Requirements for ESRS S1-1 Policies related to own workforce**

This supplement to Appendix B.2 is an integral part of [draft] ESRS Road Transportation and it supports the application of ESRS S1-1 Policies related to own workforce.

<b>Social and human rights matters</b>	<b>Non-exhaustive list of factors to consider in Materiality assessment</b>
<b>Secure employment</b>	Policies on the use of posted workers
<b>Working time</b>	Policies on advance notice of scheduling, multi-day away-from-home assignments, and evening, night and weekend work

Adequate wages	Policies for housing allowances
Health and Safety	Policies to reduce the prevalence of driver fatigue

**Supplement to Appendix B.3: Application Requirements for ESRS S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions**

This supplement to Appendix B.3 is an integral part of [draft] ESRS Road Transportation and it supports the application of Application Requirements for ESRS S1-4.

Social and human rights matters	Non-exhaustive list of factors to consider in Materiality assessment
Secure employment	Reducing the % of posted workers
Working time	Increase regular schedules Increasing advance notice of scheduling Reducing multi-day away-from-home assignments, and evening, night and week work
Adequate wages	Increasing housing allowances Routing assignments through countries with adequate overnight housing facilities
Health and Safety	Regular assessment of prevalence of driver fatigue Preventative measures against driver fatigue

**Supplement to Appendix B.4: Application Requirements for ESRS S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities**

This supplement to Appendix B.4 is an integral part of [draft] ESRS Road Transportation and it supports the application of Application Requirements for ESRS S1-5.

Social and human rights matters	Non-exhaustive list of factors to consider in Materiality assessment
Secure employment	Smaller % of posted workers

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<b>Working time</b>	Increased % of drivers with regular schedules Increased advance notice of scheduling Lower % of multi-day away-from-home assignments, and evening, night and week work
<b>Adequate wages</b>	Adequate housing allowances All routing assignments through countries with adequate overnight housing facilities
<b>Health and Safety</b>	Annual assessment of prevalence of driver fatigue for all own workers Preventative measures against driver fatigue for all workers

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## Appendix C: Sustainability Matters

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This Appendix presents a description of the sustainability matters that are material for undertakings in the Road Transportation sector. It has the same authority of the main body of the standard and of Appendix B.

### ***Sustainability Matters: Descriptions***

#### **E1: Climate change**

##### **Climate-risk management refers to how an organisation adjusts to current and anticipated climate change-related risks**

Climate-risk management in the road transportation sector includes in particular:

1. transition risks mainly linked to policy, legal, market and technology changes and exposure.
2. opportunities mainly linked to resource efficiency, energy source, access to new markets and resilience capacity development.

Transportation is critical to the economy and drives a significant portion of emissions and demand for energy through the production and, more important, the use phase. The industry is under increasing policy and regulatory pressure to achieve emissions targets for the use phase. Increasing constraints on emissions fuel efficiency will continue to impact costs in this group, particularly around investments in innovation (new technologies and efficiencies). The Transportation Group, therefore, will likely face financial challenges from two major drivers. First, policymakers are setting stricter targets for emissions and fuel efficiency from transportation carriers. Second, new technology around low emission/fuel-efficient carriers (e.g., electric cars) is creating a shift in the competitive and investment landscape. New technological innovations and new market entrants can weaken companies' market position, resulting in lower revenues, higher costs, and narrower margins. The effects of these two drivers may be compounded by the length of product cycles for transportation products, such as cars and trucks.

#### **E1: Climate and energy transition**

##### **Climate and energy transition refers to an organisation's strategy in relation to the transition to a low-carbon economy and the impacts of that transition on workers and local communities and the type of solutions and investments it is seeking to implement in the short, mid and long-term.**

The energy transition is a pathway towards transformation of the global energy sector from fossil-based to zero-carbon by the second half of this century. Transition will entail financial implications such as locked-in emissions or stranded assets, need for adaptation measures, climate-related policies and GHG emission reduction targets. In this context, and with transport being a big energy consumer, at its heart is the need to reduce energy-related CO<sub>2</sub> emissions to limit climate change and potential risks for the undertakings while increase opportunities.

#### **E1: GHG emissions**

##### **Greenhouse gas (GHG) emissions comprise air emissions that contribute to climate change, such as carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>) and other gases. This**



**sustainability matter covers direct and indirect emissions related to an organisation's activities.**

The burning of fossil fuels associated with transportation leaves a significant carbon footprint. In fact, the transportation sector is a large CO<sub>2</sub> emitter and road transportation in particular, accounts for the majority of the total emissions, therefore having great impact on people and the environment. This topic covers in particular direct and indirect GHG emissions (Scope 1 and 2) related to an undertaking's operations, as well as other indirect GHG emissions (Scope 3) such as upstream purchasing, and business travel. Methane is a potent greenhouse gas. It contributes to the formation of ozone. Methane is emitted by the incomplete combustion of biomass, biofuel, and fossil fuels in simple stoves, open fires or wick lamps.

Carbon monoxide is a colourless, odourless and tasteless toxic gas produced by the incomplete combustion of carbonaceous fuels such as wood, petrol, charcoal, natural gas, and kerosene. Carbon monoxide diffuses across the lung tissues and into the bloodstream, making it difficult for the body's cells to bind oxygen. This lack of oxygen damages tissues and cells. Exposure to carbon monoxide can cause difficulties breathing, exhaustion, dizziness, and other flu-like symptoms. Exposure to very high-levels of CO can lead to death.

Ozone: Ground-level ozone is a major component of smog. It is formed from photochemical reactions with pollutants such nitrogen oxides (NO<sub>x</sub>) emitted from vehicles. Due to the photochemical nature, the highest levels of ozone are seen during periods of sunny weather. Exposure to excessive ozone can cause problems breathing, trigger asthma, reduce lung function and lead to lung disease.

## **E1: Energy**

This sustainability matter covers energy consumption (quantity and type of energy) and efficiency in the production of energy products.

### Fleet fuel and energy efficiency

At its most basic, fuel efficiency is defined as a measure of how much a vehicle will convert energy in fuel into kinetic energy to travel. In other words, fuel efficiency shows how far a vehicle can travel with a certain amount of fuel (l/100km). One of the advantages of measuring the fuel efficiency of a fleet is to understand whether it is reducing its carbon footprint or not. Moreover, saving fuel reduces costs, benefits the environment through less CO<sub>2</sub> and other emissions and improves road safety.

### Fleet composition

Road transport, while a vital part of economic and societal life, faces substantial challenges with regards to emissions and their impact on human health and the environment. The industry must transition its vehicle fleets towards low and zero-carbon in order to reach carbon neutrality by the middle of the century. In this context, it is deemed relevant to understand the fleet composition and in particular the percentage over the total vehicles that are zeroemissions or hybrid.

## **E2: Pollution prevention and control**

### **E2: Pollution of air**

Compared to other modes of transport, road transport has a more localized negative effect on outdoor air quality through its emissions of sulphur oxides (SO<sub>x</sub>), nitrogen oxides (NO<sub>x</sub>), and particulate matter (PM). For the freight sector in particular, heavy reliance on

diesel fuel is of high concern; although diesel engines realize better gas mileage than gasoline engines, they generate more harmful air pollutants.

Therefore, using alternative fuels and filtering emissions prior to release can help undertakings comply with air quality regulations and avoid contributing to smog in cities and dense population centres, which may damage their social license to operate.

Exposure to pollutants such as Particulate matter (PM), Nitrogen oxides (NO<sub>x</sub>) and sulphur oxides (SO<sub>x</sub>), of which transport is a major source, particularly in urban areas, significantly impacts human health, other than the environment.

Particulate matter is capable of penetrating deep into the lungs and enter the blood stream causing cardiovascular, cerebrovascular and respiratory impacts. Both long-term and short-term exposure to PM is associated with high mortality rates. Black carbon is a major component of PM<sub>2.5</sub> and a potent warming agent in the atmosphere, and contributes to regional environmental disruption and accelerates glacier melting.

Nitrogen Dioxide: Nitrogen dioxide is soluble in water, reddish-brown in colour, and a strong oxidant. NO<sub>2</sub> results from combustion processes such as those used for heating, transport and power generation. Exposure to nitrogen dioxide can irritate airways and aggravate respiratory diseases. NO<sub>2</sub> is an important ozone precursor, a pollutant closely linked to asthma and other respiratory conditions.

Promoting sustainable development by reducing air pollution from transport while improving energy efficiency and shifting towards a low-carbon economy would therefore indirectly contribute to addressing climate change-related health outcomes.

### **E2: Noise pollution**

Noise pollution is another major environmental health problem linked to transport. Transportation and road traffic is the main source of noise pollution in Europe. The World Health Organisation (WHO) has estimated that “at least one million healthy life years are lost every year from traffic related noise in the western part of Europe”. Road traffic is the most widespread source of environmental noise, with more than 113 million people (night-time noise more than 78 million) affected by harmful levels (L<sub>den</sub> ≥ 55 dB) in the EEA-33 member countries. Of these, 36 million are exposed to very high noise levels of at least 65 dB L<sub>den</sub>. The dependency of the tire noise is also impacting the safety and the energy efficiency of the vehicle.

### **E2: Pollution of soil**

Pollution of soil is identified as relevant environmental problem linked to road transport. In particular, fuel and oil spills from motor vehicles, mostly linked to accidents, are washed on road sides and enter the surrounding soil, contaminating it.

### **E4: Biodiversity including biodiversity loss, condition of ecosystems, state of species**

The production of biofuels, and consequently their use in transport, leads to several environmental issues on biodiversity that include:

- land use change
- Impacts on the state of species
- Impacts on the extent and condition of ecosystems such as land degradation.

In particular, the use of food-based biofuels, causes an increased use of agricultural land for energy. In fact, being most agricultural land already used to produce food, new areas

need to be found to meet the increasing biofuels demand. This leads to deforestation, draining of rich ecosystems and consequent biodiversity loss. Moreover, it also heavily contributes to the release of tonnes of greenhouse gases.

### **E5: Resource use and circular economy**

#### **E5: Circular economy**

For operators of road transport there are two issues for which circular economy is very relevant other than end of life vehicles:

- a) Procurement: whether a taxi company buys new or second-hand vehicles for example or in relation to buying cars that have a good size in terms of material efficiency;
- b) Repair and maintenance that are key to extend the lifetime of the assets.

### **S1: Own workforce**

#### **Working conditions**

##### **S1: Secure employment (precarious employment relations)**

The road transport sector is characterized by a high proportion of precarious employment. The use of posted workers, many of whom are provided by letter box employers based in low-wage countries, is particularly high in road freight. Bogus self-employment is also often used in road freight. Platform work is also used by some bus companies for their drivers. Illegal cabotage is also an issue. Drivers driving vehicles less than 3.5 tons are also less protected. All of these forms of precarious employment tend to result in lower wages and less favourable working conditions for workers than for employees of the reporting entity.

##### **S1: Working time**

Working time is a major issue in the road transport sector, in part because of weak enforcement of working-time rules and the non-applicability of the rules of driving and resting to trucks with less than 3.5 tons. Drivers involved in long-haul transport and passenger transport, particularly cross-border long-haul, often have long shifts, short breaks, and may have multiple destinations before returning to their home base. Trade unions report that the enforcement of sectoral working-time regulations is an issue. Evening, night and weekend work are typical for many workers in this sector. Particularly due to pressure for short delivery times, short notice of scheduling, impacting on work-life balance, has also been reported by the trade unions as an issue for some drivers. The lack of adequate sleep and rest periods for many drivers has been reported as a cause of driver fatigue, including falling asleep while driving, which has health consequences for the drivers and road safety concerns.

##### **S1: Health and safety**

Fatigue, mostly linked to lack of sleep, is a huge health and safety concern for the road transport sector and is one of the main causes of road transport accidents. It is widely recognised that losing hours of sleep might affect reaction time and mental functioning.

In fact, there are working time regulations (breaks in shifts, time off between shifts, weekly hours' limits), but they are routinely violated, particularly for the cross-border workers. In this context, undertakings and employers in the road transportation sector have the opportunity and the possibility to optimise working conditions while protecting their

workers and other vulnerable road users. Moreover, there is also great opportunity for the employer arising from the reduction in fatigue-related accidents and it results in reduced costs for damages, insurance, business disruptions and revenue loss.

### **S1: Social dialogue, freedom of association and collective bargaining**

The quality of social dialogue and the level of collective bargaining agreement rate in the sector varies widely across Member States. An issue is that, even where collective bargaining agreements exist, they generally apply domestically and not for international freight transport.

### **S1: Work-life balance**

Work-life balance is a challenge for many workers in the sector. Evening, night and weekend work is widespread, and in the long-haul sector trade unions report that many drivers make multi-stop tours lasting days before returning home.

### **S1: Adequate wages**

Spurred on by the deregulation of large portions of the road transport sector, intense price competition between companies has put pressure on wages of employees through a greater use of the various forms of precarious employment mentioned before. Low wages in the sector are reported to be a key factor making it difficult to recruit younger persons to the sector.

### **Equal treatment and opportunities for all**

#### **S1: Adequate housing (lack of adequate sleeping facilities)**

Trade unions report that many long-haul drivers sleep in their cabs, including for their weekly rest (though it is forbidden), which impacts their quality of sleep and health. One reason for this is that companies do not pay enough for adequate accommodation

#### **S1: Adequate training (training & development)**

Driver training plays an important role for a driver's professional development and affects other sustainability matters. Driver training on fuel efficient driving for instance influences energy consumption and GHG emissions while safety trainings contribute to road and driver safety. Training is a relevant lever for undertakings and employers to amplify positive effects on sustainability matters and improve their driver's employability in the future.

Drivers to undergo periodic training to maintain their driving license (Driver Certificate of Professional Competence, CPC). This training is expensive and paying for it is an issue for some drivers.

### **S2: Workers in the value chain**

#### **Working conditions**

##### Secure employment (precarious employment relations)

The road transport sector is characterized by a high proportion of precarious employment. The use of posted workers, many of whom are provided by letter box employers based in

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low-wage countries, is particularly high in road freight. Bogus self-employment is also often used in road freight. Platform work is also used by some bus companies for their drivers. Illegal cabotage is also an issue. Drivers driving vehicles less than 3.5 tons are also less protected. All of these forms of precarious employment tend to result in lower wages and less favourable working conditions for workers than for employees of the reporting entity.

### Working time

Working time is a major issue in the road transport sector, in part because of weak enforcement of working-time rules and the non-applicability of the rules of driving and resting to trucks with less than 3.5 tons. Drivers involved in long-haul transport and passenger transport, particularly cross-border long-haul, often have long shifts, short breaks, and may have multiple destinations before returning to their home base. Trade unions report that the enforcement of sectoral working-time regulations is an issue. Evening, night and weekend work are typical for many workers in this sector. Particularly due to pressure for short delivery times, short notice of scheduling, impacting on work-life balance, has also been reported by the trade unions as an issue for some drivers. The lack of adequate sleep and rest periods for many drivers has been reported as a cause of driver fatigue, including falling asleep while driving, which has health consequences for the drivers and road safety concerns.

### Health and safety

Fatigue, mostly linked to lack of sleep, is a huge health and safety concern for the road transport sector and is one of the main causes of road transport accidents. It is widely recognised that losing hours of sleep might affect reaction time and mental functioning.

In fact, there are working time regulations (breaks in shifts, time off between shifts, weekly hours' limits), but they are routinely violated, particularly for the cross-border workers. In this context, undertakings and employers in the road transportation sector have the opportunity and the possibility to optimise working conditions while protecting their workers and other vulnerable road users. Moreover, there is also great opportunity for the employer arising from the reduction in fatigue-related accidents and it results in reduced costs for damages, insurance, business disruptions and revenue loss.

### Social dialogue, freedom of association and collective bargaining

The quality of social dialogue and the level of collective bargaining agreement rate in the sector varies widely across Member States. An issue is that, even where collective bargaining agreements exist, they generally apply domestically and not for international freight transport.

### Work-life balance

Work-life balance is a challenge for many workers in the sector. Evening, night and weekend work is widespread, and in the long-haul sector trade unions report that many drivers make multi-stop tours lasting days before returning home.

### Adequate wages

Spurred on by the deregulation of large portions of the road transport sector, intense price competition between companies has put pressure on wages of employees through a greater use of the various forms of precarious employment mentioned before. Low wages

in the sector are reported to be a key factor making it difficult to recruit younger persons to the sector.

### **Equal treatment and opportunities for all**

#### Adequate housing (lack of adequate sleeping facilities)

Trade unions report that many long-haul drivers sleep in their cabs, including for their weekly rest (though it is forbidden), which impacts their quality of sleep and health. One reason for this is that companies do not pay enough for adequate accommodation

#### Adequate training (training & development)

Driver training plays an important role for a driver's professional development and affects other sustainability matters. Driver training on fuel efficient driving for instance influences energy consumption and GHG emissions while safety trainings contribute to road and driver safety. Training is a relevant lever for undertakings and employers to amplify positive effects on sustainability matters and improve their driver's employability in the future.

Drivers to undergo periodic training to maintain their driving license (Driver Certificate of Professional Competence, CPC). This training is expensive and paying for it is an issue for some drivers.

### **S4: Consumers and end users**

Driving is a risky activity, as accidents can affect drivers, passengers, and bystanders to possible injuries and deaths. Accidents can be caused by defects in the vehicles and failure to detect defects before vehicles are sold, by external circumstances such as weather conditions, but could also relate to the ability of the driver to control its vehicle, speed. Consumers and end-users are involved particularly with regards to passenger land transport and a specific link can be made with risks deriving from working time and lack of adequate training. Automated driving systems remove the driver itself as a risk factor, but bring own challenges in the legal, ethical or data protection areas.

### **G1: Business conduct**

This sustainability matter encompasses a number of topics such as code of conduct and ethics, anti-corruption behaviour, dialogue with stakeholders, political engagement and lobbying activities. These topics cover expectations for responsible business conduct and include complying with laws and regulations, respecting internationally recognised human rights, combatting all forms of corruption. In general, this matter helps on having an overview on how the undertaking addresses its negative impacts on the economy, environment and people.



## Appendix D: NACE Codes

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H49.31	Urban and suburban passenger land transport
H49.32	Taxi operation
H49.39	Other passenger land transport not classified elsewhere
N77.11	Rental and leasing of cars and light motor vehicles
H49.41, H49.42, H53.10, H53.20	Freight transport services by road
N77.12	Rental and leasing of trucks

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