

This paper has been prepared by the EFRAG Secretariat for discussion at a public meeting of EFRAG SR TEG. The paper forms part of an early stage of the development of a potential EFRAG position. Consequently, the paper does not represent the official views of EFRAG or any individual member of the EFRAG SRB or EFRAG SR TEG. The paper is being made available to enable the SRT members to follow the discussions in the meeting. Given that the first sector-specific working paper is Road Transportation, the purpose of this paper is twofold. On the one hand, to have the first discussion on the architecture and approach on sector-specific working papers, and on the other, to discuss the technical content for Road Transportation.

**WORKING PAPER IN PREPARATION OF
DRAFT EUROPEAN SUSTAINABILITY REPORTING STANDARDS
ESRS Road Transport
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 Transport is set out in paragraphs 19-141 and Appendices A: Defined Terms, B: Application Requirements, C: Sustainability Matters and D: NACE codes. Appendices A and B have the same authority as the main body of the [draft] Standard. This working paper also uses terms defined in other [draft] ESRS and shall be read in the context of its objective.

Road Transportation

Table of Contents

Objective	4
Scope of application	4
Presentation of sector-specific disclosures	5
Sector-specific materiality assessment guidance	5
Sector- specific material sustainability matters.....	5
Reporting boundary	6
Navigation table.....	6
Passenger land transport – Sector-specific additional disclosures related to sector-agnostic Disclosure Requirements.....	6
Disclosure Requirement related to [draft] ESRS E1-5 – Energy consumption and mix	6
Disclosure Requirement related to [draft] ESRS E1-6 – Gross scopes 1,2 and 3 and Total GHG emissions.....	7
Disclosure Requirement related to [draft] ESRS E2-4 – Pollution of air, water and soil	7
Disclosure Requirement related to [draft] ESRS E4-5 – Impact metrics related to biodiversity and ecosystems change.....	7
Disclosure Requirement related to [draft] ESRS G1-2 – Management of relationship with suppliers.....	7
Disclosure Requirement related to [draft] ESRS G1-5 Business conduct.....	8
Freight transport services by road – Sector-specific additional disclosure requirements related to sector-agnostic Disclosure Requirements	9
Disclosure Requirement related to [draft] ESRS 2 – SBM 1 Market position, strategy, business model(s) and value chain.....	9
Disclosure Requirement related to [draft] ESRS E1-5 – Energy consumption and mix	9
Disclosure Requirement related to [draft] ESRS E1-6 – Gross scopes 1,2 and 3 and Total GHG emissions.....	9
Disclosure Requirement related to [draft] ESRS E2-4 – Pollution of air, water and soil	9
Disclosure Requirement related to [draft] ESRS E4-5 – Impact metrics related to biodiversity and ecosystems change.....	9
Disclosure Requirement related to [draft] ESRS G1-2 Management of relationship with suppliers.....	10
Disclosure Requirement related to [draft] ESRS G1-5 – Business conduct.....	10
Passenger land transport – Sector-specific Disclosure Requirements	11
Disclosure Requirement RT-PT 1 – Policy regarding CEN-Cenelec or ISO recommendations	11
Disclosure Requirement RT – PT 2 – Fleet composition	11
Disclosure Requirement RT – PT 3 – Noise pollution	11

Road Transportation

Disclosure Requirement RT – PT 4 – Maintenance and repair	12
Disclosure Requirement RT – PT 5 – Passenger-kilometre	12
Disclosure Requirement RT – PT 6 – Share of retrofitted or second-hand vehicles	12
Disclosure Requirement RT – PT 7 – Transparency about contracts with governments.....	12
Disclosure Requirement RT – PT 8 - State aid and competition.....	13
Disclosure Requirement RT – PT 9 – Number of data breaches, policies and practices relating to cybersecurity	13
Disclosure Requirement RT – PT 10 – Anti-competitive behaviour events.....	14
Freight transport services by road – Sector-specific Disclosure Requirements	15
Disclosure Requirement RT-FT 1 – Policy regarding CEN-Cenelec or ISO recommendations	15
Disclosure Requirement RT-FT 2 – Fleet composition.....	15
Disclosure Requirement RT-FT 3 – Noise pollution	15
Disclosure Requirement RT-FT 4 – Maintenance and repair	16
Disclosure Requirement RT-FT 5 – Tonne-kilometres	16
Disclosure Requirement RT-FT 6 – Share of retrofitted or second-hand vehicles ..	16
Disclosure Requirement RT-FT 7 – State aid and competition law	16
Disclosure Requirement RT-FT 8 – Number of data breaches, policies and practices relating to cybersecurity	17
Disclosure Requirement RT-FT 9 – Anti-competitive behaviour events.....	17
Appendix A: Defined terms	19
Appendix B: Application Requirements.....	21
Application Requirement related to [draft] ESRS E1-1 and ESRS E1-4 – Targets related to climate change mitigation and adaptation	21
Application Requirement related to [draft] ESRS E1-5 - Energy consumption and mix	21
Application Requirement RT – PT 2 – Fleet composition	21
Application Requirement RT – PT 4 – Maintenance and repair.....	22
Application Requirement related to [draft] ESRS E1-1 and ESRS E1-4 – Targets related to climate change mitigation and adaptation	22
Application Requirement related to [draft] ESRS E1-6 – Gross scopes 1,2 and 3 and Total GHG emissions.....	23
Application Requirement RT – FT 2 – Fleet composition	23
Application Requirement RT – FT 4 – Maintenance and repair.....	24
Appendix C: Sustainability Matters	25
Appendix D: NACE Codes	33

Objective

1. The objective of this [draft] ESRS is to specify disclosure and application requirements that are applicable to any undertaking operating in the *Road Transportation* (the “Sector”) and that are additional to the sector-agnostic ESRS disclosures and application requirements. 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. This [draft] ESRS covers information enabling users of the sustainability statements to understand the undertaking’s material impacts, as well as its material risks and opportunities arising with regard to a list of sustainability matters that are considered material for the Sector under this [draft] ESRS.
3. This [draft] ESRS requires therefore the undertaking to disclose:
 - (a) the actual or potential, positive or negative impacts which the undertaking assesses as material in relation the environmental, social and governance matters that are considered material for the sector under this [draft] ESRS;
 - (b) the nature, type and extent of the risks and opportunities related to its impacts and dependencies which the undertaking assesses as material in relation to the environmental, social and governance matters that are considered material for the Sector under this [draft] ESRS and how it manages them;
 - (c) the actions taken to prevent, mitigate or remediate those material actual or potential negative impacts, the actions taken to mitigate material risks and pursuing material opportunities, and the result of such actions; and
 - (d) the financial effects on the undertaking over the short-, medium- and long-term time horizons of those material risks and opportunities.
4. This [draft] ESRS specifies disclosure and application requirements as follows:
 - (a) sector-specific additional disclosure and application requirements related to sector-agnostic disclosure requirements are presented under Chapter 1. Sector-specific disclosures related to sector-agnostic Disclosure Requirements of the main body of this [draft] ESRS and under Chapter 1. Application Requirements related to sector-agnostic Disclosure Requirements of Appendix B to this [draft] ESRS.
 - (b) sector-specific additional Disclosure Requirements are presented under Chapter 2. Sector-specific Disclosure Requirements of the main body of this [draft] ESRS and under Chapter 2. Application Requirements to sector-specific Disclosure Requirements of Appendix B to this [draft] ESRS.

Scope of application

5. An undertaking is within the scope of application of this [draft] ESRS when Road Transport is a significant sector according to paragraph 38 (b) and/or (c) of ESRS 2 General Disclosures, using the criteria set in AR 12 of ESRS 2 to define a significant sector.
6. [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 pertain to the *Road Transport* sector are listed in Appendix D to this [draft] ESRS, consistent with SEC 1.
7. The Road Transport sector is composed by the passenger land transport and freight transport services by road segments.
8. 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.

Road Transportation

9. 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.
10. 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.
11. 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 parcels under various arrangements. Local delivery and messenger services are also included.

Presentation of sector-specific disclosures

12. When reporting on policies, actions, metrics and targets to manage material sustainability matters according to this [draft] ESRS, the undertaking shall include the information provided for in ESRS 2, respectively in DC-P – Policies adopted to manage material sustainability matters, DC-A - Actions and resources in relation to material sustainability matters, DC – M - Metrics in relation to material sustainability matters and DC-T – Tracking effectiveness of policies and actions through targets.
13. 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 Transport ESRS shall be presented alongside the disclosures required by the corresponding sector-agnostic ESRS.

Sector-specific materiality assessment guidance

14. This [draft] ESRS identifies a list of matters commonly applicable to the undertakings operating in the Sector. This list has the same status of the list in AR 12, Appendix B of ESRS 1 and shall be considered by the undertaking in its materiality assessment.
15. Irrespective of the outcome of its materiality assessment, the undertaking shall:
 - (a) apply the requirements in the main body and in Appendix B of this [draft] ESRS that relate to ESRS E1 Climate Change and ESRS 2 General Disclosures;
 - (b) apply the requirements in the main body and in Appendix B of this [draft] ESRS that relate to ESRS S1 Own workforce, DRs from 1 to 9, if it has 250 or more employees;
16. In relation to each of its material matters, the undertaking shall apply paragraphs 33 to 39 of ESRS 1 *General requirements*.

Sector- specific material sustainability matters

17. This [draft] ESRS sets out Disclosure and Application Requirements related to the sustainability matters which are commonly applicable to undertakings operating in the Sector, listed in the table below. Some of them are already listed in AR12, Appendix B of ESRS 1. Detailed descriptions of sustainability matters are included in Appendix D.

Environmental matters	Social matters	Governance matters
E1: Climate change mitigation (*)	S1: Working conditions (*)	G1: Corruption and bribery (*)

Road Transportation

Environmental matters	Social matters	Governance matters
E1: Climate change adaption (*)	S1: Equal treatment and opportunities for all (*)	G1: Protection of whistle-blowers (*)
E1: Energy (*)	S1: Other work-related rights (*)	G1: Management of relationships including payment practices (*)
E2: Pollution of Air (*) including noise pollution	S2: Working conditions (*)	G1: Cybersecurity
E2: Pollution of Soil (*)	S2: Equal treatment and opportunities for all (*)	G1: Anti-competitive behaviour
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.)

Reporting boundary

18. Without changing the application of the requirements in Chapter 5. of ESRS 1 Value chain, the undertaking shall include in its sustainability statements information about the operational sites and assets that are under its financial and operational control.

Navigation table

19. The following table provides a holistic overview of the disclosure and application requirements of the [draft] ESRS Road Transport and at which level they need to be reported.

[place holder]

Passenger land transport – Sector-specific additional disclosures related to sector-agnostic Disclosure Requirements

Disclosure Requirement related to [draft] ESRS E1-5 – Energy consumption and mix

20. 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

Road Transportation

- (b) the average fleet energy efficiency per passenger, expressed in kWh/100km/passenger, disaggregated by geographic region and split by powertrain type.

Disclosure Requirement related to [draft] ESRS E1-6 – Gross scopes 1,2 and 3 and Total GHG emissions

- 21. 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 CO2 emissions by Scope 1, 2 and 3.

Disclosure Requirement related to [draft] ESRS E2-4 – Pollution of air, water and soil

- 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 related to [draft] ESRS E4-5 – Impact metrics related to biodiversity and ecosystems change

- 23. 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.
- 24. 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.

Disclosure Requirement related to [draft] ESRS G1-2 – Management of relationship with suppliers

- 25. When disclosing in accordance to ESRS G1-2 the undertaking shall disclose the outcome of its assessment of its suppliers for social and environmental criteria.
- 26. The objective of this Disclosure Requirement is to understand the degree of actual and potential negative social impacts in the supply chain of the undertaking and to understand to which extent the undertaking uses social criteria in selecting its suppliers.
- 27. The disclosure required under paragraph 52 shall include:
 - (a) Information regarding actual adverse impacts and significant risks of adverse impacts that the enterprise has identified through its due diligence.

Road Transportation

- (b) Information regarding measures the undertaking has implemented or plan to implement to cease significant actual and potential negative impacts on fundamental human rights and decent working conditions in the supply chain.
- (c) Information regarding measures the undertaking has implemented or plan to implement after identifying significant actual and potential negative impacts on the environment in the supply chain.
- (d) percentage of suppliers identified as having significant actual and potential negative impacts with which improvements were agreed upon as a result of the assessment; and
- (e) percentage of suppliers identified as having significant actual and potential negative impacts with which relationships were terminated as a result of assessment and why.

Disclosure Requirement related to [draft] ESRS G1-5 Business conduct

- 28. The undertaking shall disclose differences between its main position and its stated policies; differences between these positions and the associations and committees it supports as well as the actions it takes to ensure clear, transparent and substantiated communication.
- 29. The objective of this Disclosure Requirement is to understand how the undertaking works at promoting its views in politics, how it attempts to influence politics, and undertakings stance on climate change and understand how this effects its political engagement.
- 30. The other objective of this Disclosure requirement is to understand how the undertaking works to prevent the spread of false and omissive information.
- 31. When disclosing in accordance ESRS G1-5 paragraph 29 the undertaking shall disclose:
 - (a) any differences between the main positions identified in ESRS G1-5 29 (c) and its stated policies, goals, or other public positions; as well as
 - (b) any differences between the undertaking's stated policies, goals, or other public positions on significant issues related to climate change, and the positions of the representative associations or committees it supports as mentioned in ESRS G1 29;
 - (c) what proportion (%) of communication spendings is dedicated to influencing political opinion with regard to its material impacts, risks and opportunities identified in its materiality assessment in accordance with [draft] ESRS 2.
- 32. The undertaking shall also explain how its corporate communication aligns with globally established targets related to climate neutrality or nature positive economy and how it ensures that its sustainability communication is clear, transparent, substantiated and specific. If this communication relates to climate change, or pollution, or water and marine resources, or biodiversity and ecosystems, or resource use and circular economy the undertaking shall explain how it ensures consistency with the undertaking's disclosures under [draft] ESRS E1 Climate Change or [draft] ESRS E2 Pollution or [draft] ESRS E3 Water and Marine Resources or [draft] ESRS E4 Biodiversity and Ecosystems or [draft] ESRS E5 Resource use and Circular Economy respectively.
- 33. The undertaking shall disclose the number of opened cases before courts or other competent authorities within the reporting year that concern misleading commercial practices or public communication related to sustainability as well as the number of cases that were closed during the reporting year and if they ended with the undertaking being fined or found in breach:

Freight transport services by road – Sector-specific additional disclosure requirements related to sector-agnostic Disclosure Requirements

Disclosure Requirement related to [draft] ESRS 2 – SBM 1 Market position, strategy, business model(s) and value chain

34. 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.

Disclosure Requirement related to [draft] ESRS E1-5 – Energy consumption and mix

35. 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.

Disclosure Requirement related to [draft] ESRS E1-6 – Gross scopes 1,2 and 3 and Total GHG emissions

36. When disclosing under ESRS E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions the undertaking shall disclose additional information on the average transport-related fleet CO₂e emissions per t/km, expressed in gCO₂/t/km.

Disclosure Requirement related to [draft] ESRS E2-4 – Pollution of air, water and soil

37. 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.

Disclosure Requirement related to [draft] ESRS E4-5 – Impact metrics related to biodiversity and ecosystems change

38. 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.
39. 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.

Disclosure Requirement related to [draft] ESRS G1-2 Management of relationship with suppliers

40. When disclosing in accordance to ESRS G1-2 the undertaking shall disclose the outcome of its assessment of its suppliers for social and environmental criteria.
41. The objective of this Disclosure Requirement is to understand the degree of actual and potential negative social impacts in the supply chain of the undertaking and to understand to which extent the undertaking uses social criteria in selecting its suppliers.
42. The disclosure required under paragraph 128 shall include:
 - (a) Information regarding actual adverse impacts and significant risks of adverse impacts that the enterprise has identified through its due diligence.
 - (b) Information regarding measures the undertaking has implemented or plan to implement to cease significant actual and potential negative impacts on fundamental human rights and decent working conditions in the supply chain.
 - (c) Information regarding measures the undertaking has implemented or plan to implement after identifying significant actual and potential negative impacts on the environment in the supply chain.
 - (d) percentage of suppliers identified as having significant actual and potential negative impacts with which improvements were agreed upon as a result of the assessment; and
 - (e) percentage of suppliers identified as having significant actual and potential negative impacts with which relationships were terminated as a result of assessment and why.

Disclosure Requirement related to [draft] ESRS G1-5 – Business conduct

43. The undertaking shall disclose differences between its main position and its stated policies; differences between these positions and the associations and committees it supports as well as the actions it takes to ensure clear, transparent and substantiated communication.
44. The objective to this Disclosure Requirement is to understand how the undertaking works at promoting its views in politics, how it attempts to influence politics, and undertakings stance on climate change and understand how this effects its political engagement.
45. The other objective of this Disclosure requirement is to understand how the undertaking works to prevent the spread of false and omissive information.
46. When disclosing in accordance ESRS G1-5 paragraph 123 the undertaking shall disclose:
 - (a) any differences between the main positions identified in ESRS G1-5 29 (c) and its stated policies, goals, or other public positions; as well as
 - (b) any differences between the undertaking's stated policies, goals, or other public
 - (c) positions on significant issues related to climate change, and the positions of the
 - (d) representative associations or committees it supports as mentioned in ESRS G1 29
 - (e) what proportion (%) of communication spendings is dedicated to influencing political
 - (f) opinion with regard to its material impacts, risks and opportunities identified in its
 - (g) materiality assessment in accordance with [draft] ESRS 2.
47. The undertaking shall also explain how its corporate communication aligns with globally established targets related to climate neutrality or nature positive economy and how it ensures that its sustainability communication is clear, transparent, substantiated and specific. If this communication relates to climate change, or pollution, or water and marine resources, or biodiversity and ecosystems, or resource use and circular economy the undertaking shall explain how it ensures consistency with the undertaking's disclosures under [draft] ESRS E1

Climate Change or [draft] ESRS E2 Pollution or [draft] ESRS E3 Water and Marine Resources or [draft] ESRS E4 Biodiversity and Ecosystems or [draft] ESRS E5 Resource use and Circular Economy respectively.

48. The undertaking shall disclose the number of opened cases before courts or other competent authorities within the reporting year that concern misleading commercial practices or public communication related to sustainability as well as the number of cases that were closed during the reporting year and if they ended with the undertaking being fined or found in breach.

Passenger land transport – Sector-specific Disclosure Requirements

Disclosure Requirement RT-PT 1 – Policy regarding CEN-Cenelec or ISO recommendations

49. **The undertaking shall disclose its policy in relation to the ISO or CEN-Cenelec recommendations.**
50. The objective of this Disclosure Requirement is to enable an understanding of an undertaking's compliance with European or global recommendations on management processes.
51. The undertaking shall disclose:
- (a) whether and to which extent its processes comply with the ISO or CEN-Cenelec recommendations relevant for the Sector;
 - (b) whether and when these have been reviewed or audited by an external assurance provider and found to conform to the corresponding ISO or CEN-Cenelec recommendations.
52. The undertaking may disclose:
- (a) whether and to which extent its processes comply with the general-purpose ISO or CEN-Cenelec recommendations; and
 - (b) whether and when these have been reviewed or audited by an external assurance provider and found to conform to the corresponding ISO or CEN-Cenelec recommendations.

Environmental – related requirements

Disclosure Requirement RT – PT 2 – Fleet composition

53. **The undertaking shall disclose information about its fleet composition.**
54. 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.
55. The disclosure required by paragraph 53 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.

Disclosure Requirement RT – PT 3 – Noise pollution

56. **The undertaking shall disclose on noise pollution for road vehicles of category M.**

Road Transportation

57. 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.
58. The disclosure required under paragraph 56 shall include information on tyres compliance with external rolling noise requirements, expressed in average dB (in comparison with the limit value) per vehicle.

Disclosure Requirement RT – PT 4 – Maintenance and repair

59. **The undertaking shall disclose information on maintenance and repair of its fleet.**
60. 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.
61. The disclosure required under paragraph 59 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 5 – Passenger-kilometre

62. **The undertaking shall disclose the passenger-kilometre of vehicles it operates.**
63. The objective of this Disclosure Requirement is to provide an overview of the use intensity and efficiency of vehicles in operations.
64. The disclosure required under paragraph 62 shall include the data expressed in million passenger-kilometre, which represents the transport of a passenger for one kilometre.

Disclosure Requirement RT – PT 6 – Share of retrofitted or second-hand vehicles

65. **The undertaking shall disclose the share of procured retrofitted or second-hand vehicles in its vehicle fleet.**
66. The objective of this Disclosure Requirement is to provide an overview of the circularity of the fleet.
67. The disclosure required under paragraph 65 shall include:
- (a) Share of procured retrofitted or second-hand vehicles expressed as a percentage of the undertaking's total vehicle fleet in the reporting year, and
 - (b) Share of procured retrofitted or second-hand vehicles expressed as a percentage of total vehicles procured during the reporting year.

Governance – related requirements

Disclosure Requirement RT – PT 7 – Transparency about contracts with governments

68. **The undertaking shall provide information about the transparency with respect to agreements with governments setting the terms and conditions for transport of passengers.**
69. The objective of this Disclosure Requirement is to understand the openness of the undertaking about its public contracts concluded and licences received.
70. For any material contract, license, concession production-sharing agreement or other agreement granted by, or entered into with, a government which sets the terms and conditions attached to public transport, the undertaking shall disclose:
- (a) Whether such contracts are made publicly available and, if so, where they can be found;

- (b) For those contracts or licenses not publicly available, the reason for this and, if applicable, actions taken to publish them in the future as well as the timetable to do so.

Disclosure Requirement RT – PT 8 - State aid and competition

- 71. **The undertaking shall provide information concerning possible anti-competitive behaviour, the abuse of dominance, or the receipt of state aid during the reporting period.**
- 72. The objective of this disclosure requirement is to enable an understanding of possible anti-competitive behaviour of the undertaking during the reporting period as well as any state aid received.
- 73. The disclosure shall include the following information:
 - (a) publicly announced notifications, preliminary investigations, investigations, investigation proceedings or commitments and remedies relating to violations of antitrust and monopoly legislation or the receipt of state-aid where the undertaking was named as a participant by a competent authority; and
 - (b) the main outcomes of legal proceedings against the undertaking concluded during the reporting period, including sanctions, fines, commitments and remedies;
- 74. The undertaking shall also include the following with respect to state aid or financial assistance received from any government on a country-by-country basis:
 - (a) tax relief and tax credits;
 - (b) subsidies;
 - (c) funds received through the Just Transition Mechanism of the EU;
 - (d) investment grants, research and development grants, and other relevant types of grants;
 - (e) awards;
 - (f) royalty holidays;
 - (g) financial assistance from Export Credit Agencies (ECAs);
 - (h) financial incentives;
 - (i) other financial benefits received or receivable from any government for any operation.
- 75. The undertaking shall also report the value of any thresholds that have been applied and any other contextual information necessary to understand how the project-level payments to governments reported have been compiled.

Disclosure Requirement RT – PT 9 – Number of data breaches, policies and practices relating to cybersecurity

- 76. **The undertaking shall disclose the number of data breaches, policies and practices relating to cybersecurity.**
- 77. The objective of this Disclosure Requirement is to provide an overview of the number of data breaches and who is impacted by those data breaches and to gain an understanding of the undertaking's policies regarding cybersecurity and management of risks.
- 78. The disclosure required under paragraph 65 shall include:
 - (a) number of data breaches

Road Transportation

- (b) percentage involving classified or restricted information
 - (c) how the potential for future cyber security breaches are being prevented.
79. The undertaking shall also describe its policies and practices relating to cybersecurity threats or attacks and its approach to security management for existing operations, projects planned or underway and new locations for business activities, including assessment of threats, vulnerabilities and risks.

Disclosure Requirement RT – PT 10 – Anti-competitive behaviour events

80. **The undertaking shall disclose information on any publicly announced investigation into or litigation concerning possible anti-competitive behaviour it is facing during the reporting period.**
81. The objective of this Disclosure Requirement is to provide an overview of investigations and legal actions with respect to anti-competitive behaviour.
82. The disclosure required by paragraph 89 shall include:
- (a) investigations into and decisions relating to violations of anti-trust and monopoly legislation where the undertaking (or its subsidiaries) was named as a participant by a competent authority;
 - (b) The number of new, on-going or finalised legal action during the reporting period regarding anti-competitive behaviour;
 - (c) The outcome of these legal proceedings against the undertaking.

Freight transport services by road – Sector-specific Disclosure Requirements

Disclosure Requirement RT-FT 1 – Policy regarding CEN-Cenelec or ISO recommendations

84. **The undertaking shall disclose its policy in relation to the ISO or CEN-Cenelec recommendations.**
85. The objective of this Disclosure Requirement is to enable an understanding of an undertaking's compliance with European or global recommendations on management processes.
86. The undertaking shall disclose:
- (c) whether and to which extent its processes comply with the ISO or CEN-Cenelec recommendations relevant for the Sector;
 - (d) whether and when these have been reviewed or audited by an external assurance provider and found to conform to the corresponding ISO or CEN-Cenelec recommendations.
87. The undertaking may disclose:
- (a) whether and to which extent its processes comply with the general-purpose ISO or CEN-Cenelec recommendations; and
 - (b) whether and when these have been reviewed or audited by an external assurance provider and found to conform to the corresponding ISO or CEN-Cenelec recommendations.

Environmental – related requirements

Disclosure Requirement RT-FT 2 – Fleet composition

88. **The undertaking shall disclose information about its fleet composition.**
89. 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.
90. The disclosure required under paragraph 74 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) and;
 - (d) vehicles under 3.5 tonnes.

Disclosure Requirement RT-FT 3 – Noise pollution

91. **The undertaking shall disclose on noise pollution for road vehicles of category N.**
92. 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.
93. The disclosure required under paragraph 91 shall include information on tyres compliance with external rolling noise requirements, expressed in average dB (in comparison with the limit value) per vehicle.

Disclosure Requirement RT-FT 4 – Maintenance and repair

94. **The undertaking shall disclose information on maintenance and repair of its fleet.**
95. 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.
96. The disclosure required under paragraph 84 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 5 – Tonne-kilometres

97. **The undertaking shall disclose the tonne kilometres of the vehicles it operates.**
98. The objective of this Disclosure Requirement is to provide an overview of the use intensity and efficiency of vehicles in operation.
99. The disclosure required under paragraph 87 shall include the data expressed in million tonne-kilometre (tkm).

Disclosure Requirement RT-FT 6 – Share of retrofitted or second-hand vehicles

100. **The undertaking shall disclose the share of procured retrofitted or second-hand vehicles in its vehicle fleet.**
101. The objective of this Disclosure Requirement is to provide an overview of the circularity of the fleet.
102. The disclosure required under paragraph 65 shall include:
- (a) Share of procured retrofitted or second-hand vehicles expressed as a percentage of the undertaking's total vehicle fleet in the reporting year, and
 - (b) Share of procured retrofitted or second-hand vehicles expressed as a percentage of total vehicles procured during the reporting year.

Governance – related disclosure requirements

Disclosure Requirement RT-FT 7 – State aid and competition law

103. **The undertaking shall provide information concerning possible anti-competitive behaviour, the abuse of dominance, or the receipt of state aid during the reporting period.**
104. The objective of this disclosure requirement is to enable an understanding of possible anti-competitive behaviour of the undertaking during the reporting period as well as any state aid received.
105. The disclosure shall include the following information:
- (c) publicly announced notifications, preliminary investigations, investigations, investigation proceedings or commitments and remedies relating to violations of antitrust and monopoly legislation or the receipt of state-aid where the undertaking was named as a participant by a competent authority; and
 - (d) the main outcomes of legal proceedings against the undertaking concluded during the reporting period, including sanctions, fines, commitments and remedies;

Road Transportation

106. The undertaking shall also include the following with respect to state aid or financial assistance received from any government on a country-by-country basis:
- (a) tax relief and tax credits;
 - (b) subsidies;
 - (c) funds received through the Just Transition Mechanism of the EU;
 - (d) investment grants, research and development grants, and other relevant types of grants;
 - (e) awards;
 - (f) royalty holidays;
 - (g) financial assistance from Export Credit Agencies (ECAs);
 - (h) financial incentives;
 - (i) other financial benefits received or receivable from any government for any operation.
107. The undertaking shall also report the value of any thresholds that have been applied and any other contextual information necessary to understand how the project-level payments to governments reported have been compiled.

Disclosure Requirement RT-FT 8 – Number of data breaches, policies and practices relating to cybersecurity

108. **The undertaking shall disclose the number of data breaches, policies and practices relating to cybersecurity.**
109. The objective of this Disclosure Requirement is to provide an overview of the number of data breaches and who is impacted by those data breaches and to gain an understanding of the undertaking's policies regarding cybersecurity and management of risks.
110. The disclosure required under paragraph 140 shall include:
- (a) number of data breaches
 - (b) percentage involving classified or restricted information
 - (c) how the potential for future cyber security breaches are being prevented.
111. The undertaking shall also describe its policies and practices relating to cybersecurity threats or attacks and its approach to security management for existing operations, projects planned or underway and new locations for business activities, including assessment of threats, vulnerabilities and risks.

Disclosure Requirement RT-FT 9 – Anti-competitive behaviour events

112. **The undertaking shall disclose information on any publicly announced investigation into or litigation concerning possible anti-competitive behaviour it is facing during the reporting period.**
113. The objective of this Disclosure Requirement is to provide an overview of investigations and legal actions with respect to anti-competitive behaviour.
114. The disclosure required by paragraph 144 shall include:
- (a) investigations into and decisions relating to violations of anti-trust and monopoly legislation where the undertaking (or its subsidiaries) was named as a participant by a competent authority;

Road Transportation

- (b) The number of new, on-going or finalised legal action during the reporting period regarding anti-competitive behaviour;
- (c) The outcome of these legal proceedings against the undertaking.

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Appendix A: Defined terms

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

Advanced Biofuels	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.
Biofuels	Liquid fuel for transport produced from biomass;
Biomass	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.
Biomass fuels	Gaseous and solid fuels produced from biomass;
Bioliquids	Liquid fuel for energy purposes other than for transport, including electricity and heating and cooling, produced from biomass;
Break	Any period during which a driver may not carry out any driving or any other work and which is used exclusively for recuperation;
Driver	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;
Driving time	<ul style="list-style-type: none"> - automatically or semi-automatically by the recording equipment as defined in Annex I and Annex IB of Regulation (EEC) No 3821/85, or - manually as required by Article 16(2) of Regulation (EEC) No 3821/85;
Daily/Weekly rest period	The daily/weekly period during which a driver may freely dispose of his time
Week	means the period of time between 00.00 on Monday and 24.00 on Sunday;
Fleet energy efficiency	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.
Fleet fuel efficiency	Average fuel economy of its medium- and heavy-duty commercial vehicles, weighted by the number of fleet vehicles of the reporting period.
Geographic region	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

Passenger-kilometer	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.
Politically Exposed Persons (PEP)	The Financial Action Task Force defines a PEP as an individual entrusted with a prominent public function.
Plug-in hybrid electric vehicles	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.
Posted worker	“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.
Powertrain	Vehicle propulsion type
Rest	Any uninterrupted period during which a driver may freely dispose of his time;
Retrofitted vehicles	Vehicles whose combustion engine, petrol or diesel, has been replaced with a battery or hydrogen electric motor.
Road vehicles categories	The vehicle classification categories for regulatory purposes. The main categories of vehicles are: <ul style="list-style-type: none"> • Category M: vehicles carrying passengers • Category N: vehicles carrying goods • Category L: 2- and 3-wheel vehicles and quadricycles
Tonne-kilometer	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
Zero-emission vehicles (ZEV)	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 20 to 146 and has the same authority as the other parts of the [draft] ESRS Standard.

Passenger land transport

Application Requirement related to [draft] ESRS E1-1 and ESRS E1-4 – Targets related to climate change mitigation and adaptation

- AR 1. 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:
- (a) Its targets on sector-specific forward-looking information, and
 - (b) Its pathway to achieve a net-zero fleet by 2050.
- AR 2. The objective of this Application Requirement is to provide an overview of the trajectory the undertaking has set to decarbonise its fleet.
- AR 3. When preparing the information required under paragraph AR1, the undertaking shall consider disclosing 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 [draft] ESRS E1-5 - Energy consumption and mix

- AR 4. In the absence of granular passenger data, the undertaking shall consider estimating the number of passengers (e.g. for buses or other transport modes).
- AR 5. The undertaking shall consider referring to the following conversion factors for measuring fuel efficiency:
- (a) Petrol: 8.92 kWh/L, so it means that 1L of petrol corresponds to 8.92 kWh
 - (b) Diesel: 9.96 kWh/L, so it means that 1L of diesel corresponds to 9.96 kWh

Application Requirement RT – PT 2 – Fleet composition

Calculation guidance

- AR 6. When preparing the information on fleet composition required under ESRS RT – PT 1 paragraph 54, 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 and plug-in hybrid electric vehicles used in transport related activities;
 - ii. absolute number of own and leased zero-emission vehicles used in transport related activities; or

Road Transportation

- iii. absolute number of own and leased plug-in electric vehicles used in transport related activities.
- (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 M according to Regulation (EU) No 168/2013 and Directive 2007/46/EC.

AR 7. 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 4 – Maintenance and repair

AR 8. 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

Application Requirement related to [draft] ESRS E1-1 and ESRS E1-4 – Targets related to climate change mitigation and adaptation

AR 9. 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:

- (a) its targets on sector-specific forward-looking information; and
- (b) its pathway to achieve a net-zero fleet by 2050.

AR 10. When preparing the information required under paragraph AR1, the undertaking shall consider disclosing 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

AR 11. 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 [draft] ESRS E1-6 – Gross scopes 1,2 and 3 and Total GHG emissions

Calculation guidance

AR 12. 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:

$$\frac{\text{Total CO2e emissions from own road transport related operation (kg)}}{\text{Quantity of freight (t/km)}}$$

- (b) express the total CO2e emissions in kilograms and the quantity of freight as ton-kilometers.

AR 13. 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.

AR 14. The numerator and denominator shall only consist of the proportion of the total CO2e 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;

AR 15. 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 2 – Fleet composition

Calculation guidance

AR 16. When preparing the information on fleet composition required under ESRS RT – FT 1 paragraph 98, 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.

AR 17. The information on fleet composition may be presented using the following tabular format:

EFRA SR TEG meeting, 24 March 2023

Road Transportation

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

AR 18. 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.

Application Requirement RT – FT 4 – Maintenance and repair

AR 19. Where relevant, disclosures shall include customer and supplier engagement efforts, equipment servicing or exchange programs, and other incentives to encourage maintenance and repair.

Appendix C: Sustainability Matters

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 CO₂ 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 (CO₂), methane (CH₄) 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 CO₂ 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 dioxide 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 CO₂ 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_x) 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 CO₂ 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

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_x), nitrogen oxides (NO_x), 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_x) and sulphur oxides (SO_x), 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_{2.5} 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. NO₂ 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. NO₂ 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_{den} ≥ 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_{den}. 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 and ecosystems

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

Road Transportation

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 corruption, code of conduct and ethics, dialogue with stakeholders. 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.

Cybersecurity

Importance of cybersecurity is growing for the road transport sector due to the increase in the use of technology and connectivity in vehicles. Since more and more vehicles become connected to the internet and other networks, they also become more vulnerable to cyber-attacks. This is also relevant in relation with the increased use of autonomous vehicles and other advanced technologies in the road transport industry. Ensuring cybersecurity in

Road Transportation

road transport is therefore essential to protect the safety and privacy of drivers and passengers.

Management of relations with suppliers (including payment practices)

The road transport sector is extremely reliant on the subcontracting practices with transport companies that provide services on behalf of the main undertaking. Among others, this can include driving trucks or other vehicles or delivering goods. Management of relationships with subcontractors is critical to avoid lack of accountability and oversight due to indirect control on the actions of the subcontractor. In addition, issues around the exploitation of subcontractors (low wages, long shifts) might arise in order to maximise profits.

Contract transparency

Contract transparency in the public road transport sector ensures accountability, fair competition, it should provide improved quality of service provided by the public transport operators and increase public trust.

State-aid and competition

Appendix D: NACE Codes

H49.31	Urban and suburban passenger land transport
H49.32	Taxi operation
H49.39	Other passenger land transport not classified elsewhere
H49.41, H49.42, H53.10, H53.20	Freight transport services by road
H52.21	Service activities incidental to land transportation
H52.29	Other transportation support activities