

Position Paper

Brussels, December 2024

CER input to the European Sustainability Reporting Standards

Executive Summary

The Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) establish a new framework for corporate sustainability reporting for railway companies.

This position paper aims to contribute to the discussion on the sector-specific ESRS for transport taking into account specificities of railway companies – railway infrastructure managers and railway undertakings. Given that many railway companies continue to work on their double-materiality assessment, this document does not claim to be exhaustive and subject to updates in the near future.

1. Introduction

The Corporate Sustainability Reporting Directive (CSRD) brought sustainability reporting in line with financial reporting by requiring companies to report on how sustainability issues, such as climate change impact on their business and how their operations affect the society and/or the environment, following a double materiality assessment. The companies, including railways will comply with CSRD rules and required to report according to the European Sustainability Reporting Standards (ESRS).

European Financial Reporting Advisory Group (EFRAG) is tasked by the Commission to implement the CSRD by providing technical advice in matters, including the ESRS. The first set of ESRS was published in the Official Journal in December 2023. The ESRS will apply to any company under the scope of the CSRD regardless of which sector they operate in. Sector-specific standards are to be developed by EFRAG.

The Community of European Railway and Infrastructure Companies (CER) welcome EFRAG’s mandate on the development of “information that undertakings should disclose depending on their sector of activity”. CER Support Group on Sustainability Reporting reviewed the sector agnostic standards (Set 1 ESRS) to provide railway input to the development of a transport-specific standard.

2. Sustainability matters that are most applicable to the railway sector

CER conducted an analysis on key sustainability-related issues for their relevance to railway companies. The table below shows ESRS topics, sub-topic, where available sub-sub topics. Their applicability (relevance) is presented for infrastructure manager and railway undertaking (operator for freight or passengers). This table is used to define the focus topics as material for railways in the next section.

Topic	Sub-Topic	Sub-Sub-Topic	Applicability	
			Infrastructure Manager	Railway Undertaking
E1 Climate change	Climate change adaptation	Physical and transition risks	x	x
	Climate change mitigation	GHG emissions	x	x
	Energy	Energy	x	x
E2 Pollution	Pollution of air		x	x
	Pollution of water		x	x
	Pollution of soil		x	x
	Pollution of living organisms and food resources			

	Substances of concern		x	
	Substances of very high concern		x	
	Microplastics			
E3 Water and marine resources	Water	Water consumption	x	x
	Marine resources			
E4 Biodiversity and Ecosystems	Direct impact drivers of biodiversity loss	Land-use change	x	
	Impacts on the state of species		x	
	Impacts on the extent and condition of ecosystems		x	
	Impacts and dependencies on ecosystem services		x	
E5 Circular economy	Resource inflows, including resource use		x	x
	Resource outflows related to products and services		x	x
	Waste		x	x
S1 Own workforce	Working conditions	Secure employment	x	x
		Working time	x	x
		Adequate wages	x	x
		Social dialogue	x	x
		Freedom of association	x	x
		Collective bargaining	x	x
		Work-life balance	x	x
		Health & safety	x	x

	Equal treatment and opportunities for all	Gender equality & equal pay for equal work	x	x
		Training and skills development	x	x
		Employment and inclusion of persons with disabilities	x	x
		Measures against violence and harassment in the workplace	x	x
		Diversity	x	x
	Other work-related rights	Privacy	x	x
S2 Workers in the value chain	Working conditions	Secure employment	x	x
		Working time	x	x
		Adequate wages	x	x
		Social dialogue	x	x
		Freedom of association	x	x
		Collective bargaining	x	x
		Work-life balance	x	x
		Health & safety	x	x
	Equal treatment and opportunities for all	Gender equality & equal pay for equal work	x	x
		Training and skills development	x	x
Employment and inclusion of persons with disabilities		x	x	
Measures against violence and harassment		x	x	

		in the workplace Diversity	x	x
	Other work-related rights	Privacy	x	x
S3 Affected communities	Communities' economic, social and cultural rights	Land-related impacts Security-related impacts	x x	
S4 Consumers	Information-related impacts for consumers	Access to quality information	x	x
	Personal safety of consumers	Health and safety	x	x
	Social inclusion of consumers	Non-discrimination Access to products and services Responsible marketing practices	x x x	x x x
G1 Business conduct	Political engagement and lobbying activities		x	x
	Management of relationships with suppliers including payment practices		x	x
	Corruption and bribery		x	x

3. Disclosure requirements for material topics to railway companies

Following the current assessment performed by railway companies, the following topics are likely to be material. Distinction has to be made for the type of companies (railway infrastructure managers and railway undertakings).

3.1. Environmental disclosures

- Both railway undertakings and infrastructure managers find climate change and energy topics relevant and material.
- With regard to climate change adaptation, climate risk data and assessment of infrastructure/fleet damage are relevant. This requires a robust climate risk and vulnerability assessment.
- Climate change mitigation – reporting of scope 3 emissions for companies and targets to reduce GHG emissions in line with the climate targets.
- On energy, energy consumption from railway operations, share of fossil-free energy, energy efficiency indicators and electrification of railway network and fleet are relevant and material.
- Overall, materiality is not for all railway companies with respect to pollution. Infrastructure managers take measures related to pollution of water and soil. Substances of concern and very high concern may be relevant to railways as well and there is a clear vision by companies to phase-out such substances. There are products used for the maintenance of railway infrastructure. Furthermore, railway sector has a critical role in the dangerous goods transportation due to its highest degree of safety. Accidents related to transportation of dangerous goods are rare but likely to lead to big impacts thus could be material for railway undertakings depending on their business activity.
- Water and marine resources are relevant for railways but water is used mainly in maintenance activities (i.e. workshops) so this likely to be not material for the sector.
- Biodiversity and ecosystem impact are also relevant for railway companies however it is material only for infrastructure managers for their land-use.
- Circular economy could be material for railway companies when it comes to resource inflows and outflows. Circularity is material for materials used in the railway infrastructure. Waste management is material both for railway infrastructure and undertakings.

3.2. Social disclosures

- Railway companies (infrastructure managers and railway undertakings) are major employers and find own workers topics material. Health and safety of all workers is important.
- Railway companies contract companies to make constructions and provide services. These topics of workers in the supply chain are equally relevant and material.
- Security-related impacts of dangerous goods transportation by railways are assessed but this is not material for the topics covered under affected communities.
- For consumers, accessibility (reliable and affordable transport services) is a relevant topic both for railway undertakings and infrastructure managers.
- Railway plays a crucial role in passenger transport and furthermore there are public service obligations to ensure to all consumers an appropriate access to essential services, which would not be provided by the market under commercial conditions. Access to services is therefore material for railway undertakings.

3.3. Governance disclosures

- Business conduct is material for railway companies. These concern management of relationships with suppliers including payment practices, corruption prevention but also EU rules on cartels, state-aid and antitrust. Further reflection is needed for the materiality of these subjects.

About CER

The Community of European Railway and Infrastructure Companies (CER) brings together railway undertakings, their national associations as well as infrastructure managers and vehicle leasing companies. The membership is made up of long-established bodies, new entrants and both private and public enterprises, representing 78% of the rail network length, 81% of the rail freight business and about 94% of rail passenger operations in EU, EFTA and EU accession countries. CER represents the interests of its members towards EU policy makers and transport stakeholders, advocating rail as the backbone of a competitive and sustainable transport system in Europe. For more information, visit www.cer.be or follow us on Twitter [@CER_railways](https://twitter.com/CER_railways) or [LinkedIn](https://www.linkedin.com/company/cer).

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