

Sustainability Report for 2024



SPRÁVA
ŽELEZNIC

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Foreword



Dear readers,

I am pleased to present the Správa železnic's Sustainability Report for 2024, which is also the first publication issued according to European Sustainability Reporting Standards.

Corporate social responsibility is deeply rooted in our organisation. We are continuously seeking ways to improve efficiency in our maintenance of infrastructure, as well as proactively creating the conditions for innovation. We are continuing with line electrification, unifying the traction power supply system, preparing infrastructure for battery vehicles and increasing the share of renewable sources in non-traction electricity. We are intensively preparing the construction

of high-speed lines, and on the existing railway network, we are increasing the comfort, reliability and safety of travel by utilising modern technologies.

Railway transport will be the backbone of the future Europe, which is why, alongside environmental sustainability, we are also focusing on our broader role in society. I invite you to read the following pages, where you will learn much more about the relationship between Czech railway system, communities and nature.

Jiří Svoboda,
Director General of Správa železnic

List of abbreviations

AC	Alternating Current
AMS	Automated Measuring Systems
AR	Application Requirements
BEMU	Battery Electric Multiple Unit
CapEx	Capital Expenditure
CBA	Cost-benefit analysis, used for evaluating investment projects
CER	Community of European Railways and Infrastructure Companies
CO2	Carbon Dioxide
CSRD	Corporate Sustainability Reporting Directive
ČSN	Czech Technical Standard
DNSH	Do No Significant Harm
DR	Disclosure Requirements
DR BP-1	Disclosure Requirement BP-1 – General basis for preparation of sustainability statements
DR BP-2	Disclosure Requirement BP-2 – Disclosures in relation to specific circumstances
DR GOV-1	Disclosure Requirement GOV-1 – The role of the administrative, management and supervisory bodies
DR GOV-2	Disclosure Requirement GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies
DR GOV-3	Disclosure Requirement GOV-3 – Integration of sustainability-related performance in incentive schemes
DR GOV-4	Disclosure Requirement GOV-4 – Statement on due diligence
DR GOV-5	Disclosure Requirement GOV-5 – Risk management and internal controls over sustainability reporting
DR IRO-1	Disclosure Requirement IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities
DR IRO-2	Disclosure Requirement IRO-2 – Disclosure requirements in ESRS covered by the undertaking's sustainability statement
DR SBM-1	Disclosure Requirement SBM-1 – Strategy, business model and value chain
DR SBM-2	Disclosure Requirement SBM-2 – Interests and views of stakeholders
DR SBM-3	Disclosure Requirement SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model
EC	European Commission
EEA	European Economic Area

EIA	Environmental Impact Assessment
EPC	Energy Performance Contracting
ERTMS	European Rail Traffic Management System
ESG	Evaluation of companies based on their environmental impact, social responsibility and quality of management
ESRS	European Sustainability Reporting Standards
ESRS 1	European Sustainability Reporting Standard 1 General requirements
ESRS 2	European Sustainability Reporting Standard 2 General disclosures
ESRS E1	European Sustainability Reporting Standard E1 Climate change
ESRS E2	European Sustainability Reporting Standard E2 Pollution
ESRS E3	European Sustainability Reporting Standard E3 Water and marine resources
ESRS E4	European Sustainability Reporting Standard E4 Biodiversity and ecosystems
ESRS E5	European Sustainability Reporting Standard E5 Resource use and circular economy
ESRS G1	European Sustainability Reporting Standard G1 Business conduct
ESRS S1	European Sustainability Reporting Standard S1 Own workforce
ESRS S2	European Sustainability Reporting Standard S2 Workers in the value chain
ESRS S3	European Sustainability Reporting Standard S3 Affected communities
ESRS S4	European Sustainability Reporting Standard S4 Consumers & end-users
ETCS	European Train Control System
ETF	European Transport Workers' Federation
EU	European Union
EWC	European Works Council
FTE	Full-time equivalent
GDPR	General Data Protection Regulation
GHG	Greenhouse Gases
GIS	Geographic Information System
GTC	General Technical Conditions
HSL	High-Speed Lines
Hz	Hertz, unit of frequency
ICT	Information and Communication Technology
ILO	International Labour Organisation
IRO	Identification, management, and evaluation of impacts, risks, and opportunities
IROP	Integrated Regional Operational Programme

IS	Information System
ISO	International Organisation for Standardisation
IT	Information Technology
JTM	Just Transition Mechanism (EU Programme)
KPI	Key Performance Indicator
LDSŽ	Local distribution system of the railway
MAJA	Application for the management and support of property rights activities on new or existing transport structures and technical infrastructure constructions
MDR	Minimum Disclosure Requirement
MWh	MegaWatt hour, unit of energy production/consumption
N/A	NON-APPLICABLE DISCLOSURE (at present)
NACE	Statistical Classification of Economic Activities in the European Community
NUTS	Nomenclature of Territorial Units of Statistics
OECD	Organisation for Economic Co-operation and Development
OHS	Occupational health and safety
OpEx	Operating Expenditure
OPTAK	Operational Programme Technologies and Applications for Competitiveness
PP	Public Procurement
PPA	Public Procurement Act
PPP	Public-Private Partnership
PRM	Persons with reduced mobility and orientation
PS ESG	Sustainability Working Group
RD	Regional Directorate
RID	Regulations for the International Transport of Dangerous Goods by Rail
SBM	Strategy and business model
SCE	Societas Cooperativa Europaea
SE	Societas Europaea
SME	Small and Medium-sized Enterprises
SRPP	Socially responsible public procurement
SŽ	Správa železnic, státní organizace
TCC	Traffic Control Centre
UIC	International Union of Railways
UN	United Nations

Statutory declaration

To the best of our knowledge, the Sustainability Report provides a true and fair overview of non-financial data for the year 2024, the sustainability strategy, and the targets set for the future development of the state-owned organisation Správa železnic.

Prague, 13 May 2025



Jiří Svoboda
Director General
Správa železnic, státní organizace

I. Verification of the Sustainability Report 2024 in ESRS standards providing limited assurance

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A PROCUREMENT AND EXECUTION OF THE CONTRACT

A.1 Award of contract

on behalf of the state-owned organisation, has entrusted us with the verification of the Sustainability Report as of 31. 12. 2024.

A.2 Time, duration and place of verification

The contract was carried out in instalments between November 2024 and June 2025 at our offices in Prague 4, 140 00, Pujmanové 1753/10a.

A.3 Team

The contract was carried out under the supervision of
Ing. Leoš Horváth, Audit Partner and Proxy

and audit manager
Michael Vorm, M.A.

in collaboration with the expert team of Grant Thornton Advisory, k.s.

A.4 Employees interviewed

Information was provided mainly by the following employees of the state-owned organisation:

Doc. Dr. Ing. Roman Štěrba, MBA
Ing. Helena Indráková
Ing. Iveta Mešková

A.5 Basis for verification

Our verification was carried out on the basis of the provided Sustainability Report as at 31 December 2024 and the methodology explained by the state-owned organisation during the interim audit.

A declaration dated 10 July 2025 signed by the statutory body of the state-owned organisation states that the submitted Sustainability Report included all information and that no information was concealed.

B VERIFICATION OF THE 2024 SUSTAINABILITY REPORT IN ESRS STANDARDS PROVIDING LIMITED ASSURANCE

The independent auditor's limited assurance report on the Sustainability Report to the founders and management of the state-owned organisation

Dlážděná 1003/7, 110 00 Prague 1 – Nové Město
709 94 234

Adress
Company Identification
Number

We have carried out a limited assurance engagement, the subject of which was the attached Sustainability Report of the state-owned organisation Správa železnic, státní organizace, which includes information on environmental, social and governance (ESG) aspects for the period from 1 January 2024 to 31 December 2024. The Sustainability Report includes a summary of the significant methods used to collect and evaluate the data, as well as other explanatory information.

Definition of the relevant criteria

The Sustainability Report has been prepared by the management of the state-owned organisation in accordance with the requirements of Section 32h of the Accounting Act, implementing Article 19a of Directive 2013/34/EU of the European Parliament and of the Council, which requires, inter alia:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process used by the organisation to identify the information presented in the Sustainability Report (the 'identification process') is as described in ESRS 2 IRO-1;
- the consistency of the information presented in the Sustainability Report with Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council ('the Taxonomy Regulation').

Natural constraints in the preparation of the Sustainability Report

As a result of the criteria used, the nature of the Sustainability Report, and the lack of experience with the long-term application of binding regulations, their standard application and reporting procedures, different measurement methodologies are used in

practice, which, although acceptable, may lead to differences between different subjects. The methodology and its development affects not only the comparability of sustainability information issued by different subjects, but also the year-on-year comparability of information from the same subject.

Another area of uncertainty is forward-looking information, which, in accordance with ESRS, management is required to prepare based on published assumptions about events that may occur in the future and possible future actions of the organisation. The actual outcome is likely to be different because events often do not unfold as expected.

When selecting information for the Sustainability Report, management interprets legal and other terms that are often not sufficiently defined. They are open to interpretation because there is a lack of legal consensus on their interpretation and therefore uncertainty associated with them.

Responsibility of the management of the state-owned organisation for the Sustainability Report

It is the responsibility of the organisation's management to design and implement a process for identifying the information presented in the Sustainability Report in accordance with ESRS and to describe this identification process in ESRS 2 IRO-1 of this report. It is their responsibility to:

- Understand the context in which the organisation's activities and business relationships take place and gain insight into the organisation's stakeholders;
- Identify the actual and potential impacts (both negative and positive) of sustainability

matters and related risks and opportunities that affect, or can reasonably be expected to affect, the organisation's financial position, financial performance, cash flows, access to finance or cost of capital in the short, medium or long term;

- determine, through appropriately set thresholds, the materiality of the identified impacts of sustainability matters and related risks and opportunities;
- use assumptions that are reasonable in the circumstances.

Furthermore, management is responsible for preparing the Sustainability Report in accordance with Section 32h of the Accounting Act, implementing Article 19(a) of European Directive 2013/34/EU, including but not limited to:

- for compliance with ESRS;
- for the information presented in the Sustainability Report being in accordance with Article 8 of the Taxonomy Regulation;
- for designing, implementing and maintaining such internal controls as management determines are necessary to enable the preparation of the Sustainability Report that is free from material misstatement, whether due to fraud or error;
- for selecting and applying appropriate methods for sustainability reporting and for using assumptions and estimates that are reasonable in the circumstances.

The Supervisory Board and the Audit Committee oversee the sustainability reporting process.

Our responsibilities

We conducted our limited assurance engagement in accordance with International

Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements that are not Audits or Reviews of Historical Financial Information.

The procedures performed under a limited assurance engagement differ in nature and timing from those performed under a reasonable assurance engagement. Because they are smaller in scope than those under a reasonable assurance engagement, the level of assurance obtained under a limited assurance engagement is significantly less than the assurance that would be obtained under a reasonable assurance engagement.

Our objective is to plan and perform the assurance engagement to obtain limited assurance that the Sustainability Report is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements may be due to fraud or error and are considered material if they can reasonably be expected, individually or in the aggregate, to influence the decisions that users make on the basis of the Sustainability Report as a whole.

We exercise professional judgement and maintain professional scepticism when carrying out assurance engagements providing limited assurance, which we do in accordance with ISAE 3000 (Revised).

Our responsibility in relation to the Sustainability Report in relation to the identification process is to:

- To become familiar with the identification process, but not to express a conclusion about its effectiveness or its results;
- design and implement procedures to assess whether the identification process is as described in ESRS 2 of IRO-1.

Our responsibility in connection with the Sustainability Report is to further:

- To become familiar with the organisation's control environment and its processes and information systems relevant to the Sustainability Report; however, it is not our responsibility to evaluate the design of specific control activities, obtain evidence of their implementation, or test their operational effectiveness;
- identify information in the Sustainability Report where it is likely that a material misstatement, whether due to fraud or error, has occurred;
- design and implement procedures to respond to information in the Sustainability Report that is likely to contain a material misstatement due to fraud or error. The risk of not detecting a material misstatement due to fraud is greater than the risk of not detecting a material misstatement due to error because fraud may involve collusion, forgery, deliberate omissions, misrepresentations or circumvention of internal controls.

Our independence and quality management

We comply with the independence and other ethical requirements set forth in the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic (the "Code of Ethics"). The Code of Ethics defines the basic principles of professional ethics, i.e., integrity, impartiality, competence and due care, confidentiality and professional conduct.

Our firm follows the International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements,

and has established a comprehensive quality management system in accordance with this standard, including internal policies and procedures governing compliance with ethical requirements, professional standards and applicable laws and regulations.

Overview of work performed

The Limited Assurance Contract includes procedures to obtain evidence on the Sustainability Report.

The nature, timing and extent of the procedures selected depend on our professional judgement, including the identification of those disclosures in the Sustainability Report where material misstatement due to fraud or error is likely to occur.

We performed the following procedures in connection with the identification process when performing the limited assurance engagement:

- We familiarised ourselves with the identification process, namely:
 - interviewing to become familiar with the information sources used by management (e.g., stakeholder input, economic plans, and strategy documentation);
 - a review of the organisation's internal documentation on the identification process;
- assessing whether the evidence we obtained about the identification process implemented by the organisation during our procedures is consistent with its description in ESRS 2 of IRO-1.

In performing the engagement providing limited assurance, we performed the following procedures in connection with the report Sustainability Report, we performed the following procedures:

- We familiarised ourselves with the process the organisation uses to prepare the Sustainability Report, namely:
 - interviews to gain an understanding of the organisation's control environment, processes and information systems relevant to the Sustainability Report;
- we assessed whether the material information identified through the identification process is included in the Sustainability Report;
- we assessed whether the structure and presentation of the Sustainability Report is consistent with the ESRS;
- for selected information in the Sustainability Report, we conducted interviews with relevant staff of the organisation and analytical procedures;
- reviewed selected information and documents and agreed them to the source documentation on a sample basis;
- performed analytical procedures to verify the accuracy of the data and the consistency of the data trends, including reviewing the involvement of each organisational unit and verifying that the data is consistent with the supporting documentation;
- critically assessed the information presented for its credibility and consistency with other strategic documents of the organisation;
- gained an understanding of the group's process for identifying and assessing significant impacts, risks and opportunities and assessed whether the process is consistent with its description in the Sustainability Report;
- reviewed internal documentation and conducted interviews to verify the processes relevant to the report;
- performed substantive tests of selected disclosures on a sample basis and verified the accuracy of the procedures applied;
- assessed the structure and presentation of the Sustainability Report for compliance with ESRS;
- obtained evidence on the methodologies used, including the production of significant estimates and forward-looking data;
- verify the process for identifying and reporting economic activities eligible and aligned with the EU taxonomy.
- assessed the adequacy of the criteria used in terms of relevance, completeness, reliability, neutrality, clarity and consistency of their application;
- interviewed selected staff responsible for compiling the Sustainability Report to understand the process of collecting, calculating, consolidating and checking the information disclosed;

We consider that the evidence we have obtained provides a sufficient and appropriate basis for our conclusion.

Conclusion providing limited assurance

Based on the procedures we have performed and the evidential information we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with Section 32h of the Accounting Act, implementing Article 19(a) of Directive 2013/34/EU of the European Parliament and of the Council, including:

- Compliance with European Sustainability Reporting Standards (ESRS); and including that the process used by the entity to identify the information presented in the Sustainability Report is as described in ESRS 2 of IRO-1;
- the compliance of the information presented in the Sustainability Report with Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council.

Other fact

Information relating to previous periods was not the subject of our assurance engagement.

Prague, 10 July 2025



Grant Thornton Audit s.r.o.
Pujmanové 1753/10a, 140 00 Prague 4 – Nusle
License No. 603

Ing. Leoš Horváth
Auditor, licence registration number 2013

The original Czech version of this auditor's Report was electronically signed on 10 July 2025.

Recommendation:

As part of our review, we identified the following findings, which we recommend considering for future reporting:

- Add a list of departments to the appendix for better reader orientation.
- GOV-1_17 – Add specific links between sustainability skills and management of IROs.
- GOV-5_05 – We recommend to implement an internal control system for ESG reporting.
- SBM-1_07 / AR 12-13 – Lack of controlling and methodology for returns by ESRS sector; recommend setting up for next period.
- E1-1_16 - Lack specific timeframe for adoption of transition plan.
- E1-3_06 - Recommend setting a timeframe for methodology and internal controlling.
- E1-4_23 / AR 30 – Recommend a methodology for quantifying the benefits of decarbonization levers.
- Climate risk analysis – We recommend specifying a timeframe.
- E1_6_17 – Lack of justification for not separating biogenic emissions.
- S1-13_02 / AR 77 – Data on staff assessment by gender is missing.
- S1-13_03 + S1-13_04 / AR 78 – Data on training, including gender differentiation, is missing.
- S1-14_03 / AR 82, 89-91 – Data on construction worker fatalities are not available.
- S2-3_05 / AR 26 – Information on worker confidence in processes is not tracked.
- S2-4_05 / AR 29 – There is no methodical process for responding to impacts on workers in the value chain.

The organisation was advised that the following items are mandatory according to ESRS but decided not to report them with reference to a future modification of the IT system:

- S1-16_01 (AR 98 / AR 100) – Gender pay gap – data not available.
- S1-16_02 (AR 101) – Ratio of total annual remuneration – data not available.

The organisation is aware of the requirements arising from the relevant ESRS standards. However, the necessary supporting documentation is not currently available and the IT system set-up does not allow the relevant data to be reported reliably. The organisation is therefore preparing the necessary adjustments to the IT system to ensure that this data is reported in future periods.

II. Sustainability report as at 31.12.2024

1 General information

1.1 Basis for preparation

BP-1 – General basis for the preparation of the sustainability report

ID	AR	Title
BP-1_01	–	Basis for the preparation of the sustainability statement

The sustainability report is prepared on an individual basis.

ID	AR	Title
BP-1_02	–	The scope of consolidation of the consolidated sustainability statement is the same as that of the Financial Statements

Not specified, considering [BP-1_01](#).

ID	AR	Title
BP-1_03	–	Identification of subsidiaries included in the consolidation that are exempt from individual or consolidated sustainability reporting

Not specified, considering [BP-1_01](#).

ID	AR	Title
BP-1_04	AR 1	Disclosure of the extent to which the sustainability statement covers the upstream and downstream value chain

The sustainability report covers the entire value chain of the organisation. The description of the main elements of the value chain is provided in section DR SBM-1. The report includes the main elements of the value chain, significant impacts, risks and opportunities associated with it.

ID	AR	Title
BP-1_05	–	Utilisation of the option to omit specific information corresponding to intellectual property, know-how or innovation results

The organisation does not utilise the option to omit specific information corresponding to intellectual property, know-how or innovation results.

ID	AR	Title
BP-1_06	–	Utilisation of the option permitted by the Member State to omit disclosure concerning future developments or matters under negotiation

The organisation does not utilise this option. The final transposition of the CSRD directive into the Czech legal system has not yet been completed.

BP-2 – Disclosure of information in relation to specific circumstances

Time horizons

ID	AR	Title
BP-2_01	–	Disclosure of definitions for medium-term or long-term time horizons

The organisation has not deviated from the medium-term or long-term time horizons defined in the European Sustainability Reporting Standards, section 6.4 ESRS 1 (Definition of short-term, medium-term and long-term horizons for reporting purposes).

ID	AR	Title
BP-2_02	–	Disclosure of reasons for applying different definitions of time horizons

Not specified with regard to [BP-2_01](#).

Value chain estimation

ID	AR	Title
BP-2_03	–	Disclosure of metrics that include value chain data estimated using indirect sources

The organisation lacks metrics that include value chain data estimated using indirect sources. Internal records are maintained based on contracts and invoicing for actual

work performed. For the area of customers or passengers, precise values are used, such as the number of passengers from carriers or data from passage readers.

ID	AR	Title
BP-2_04	–	Description of the basis for preparing metrics that include value chain data estimated using indirect sources

Not specified with regard to [BP-2_03](#).

ID	AR	Title
BP-2_05	–	Description of the resulting level of accuracy of metrics that include value chain data estimated using indirect sources

Not specified with regard to [BP-2_03](#).

ID	AR	Title
BP-2_06	–	Description of planned actions to improve the accuracy of future metrics that include value chain data estimated using indirect sources

Not specified with regard to [BP-2_03](#).

Sources of estimation and outcome uncertainty

ID	AR	Název
BP-2_07	–	Disclosure of quantitative metrics and disclosed monetary amounts subject to a high degree of measurement uncertainty

The information provided in this report is not subject to a high degree of measurement uncertainty.

ID	AR	Title
BP-2_08	–	Disclosure of sources of measurement uncertainty

Not specified with regard to [BP-2_07](#).

ID	AR	Title
BP-2_09	–	Disclosure of assumptions, approximations, and judgments made during measurement

Not specified with regard to [BP-2_07](#).

Changes in preparation or presentation of sustainability information

ID	AR	Title
BP-2_10	–	Explanation of changes in the preparation and presentation of sustainability information and the reasons for them

2024 is the first reporting year under Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023, supplementing Directive 2013/34/EU of the European

Parliament and of the Council regarding sustainability reporting standards, and therefore there are no changes.

ID	AR	Title
BP-2_11	–	The adjustment of comparative information for one or more prior periods is impracticable

Not specified with regard to [BP-2_10](#).

ID	AR	Title
BP-2_12	–	Disclosure of the difference between data published in the previous period and revised comparative data

Not specified with regard to [BP-2_10](#).

Reporting errors in prior periods

ID	AR	Title
BP-2_13	–	Disclosure of the nature of significant errors from previous periods

Not specified with regard to [BP-2_10](#).

ID	AR	Title
BP-2_14	–	Disclosure of corrections for previous periods included in the sustainability report

Not specified with regard to [BP-2_10](#).

ID	AR	Title
BP-2_15	–	Disclosure of why it is not possible to correct errors from previous periods

Not specified with regard to [BP-2_10](#).

Disclosures stemming from other legislation or generally accepted sustainability reporting pronouncements

ID	AR	Title
BP-2_16	–	Disclosure of other legal regulations or generally accepted standards and frameworks for sustainability reporting on the basis of which the information was included in the sustainability report

This report does not include information arising from other legal regulations for sustainability reporting.

ID	AR	Title
BP-2_17	–	Disclosure of references to paragraphs of the applied standard or framework

Not specified with regard to [BP-2_16](#).

Incorporation by reference

ID	AR	Title
BP-2_20	–	List of DR or DP included by reference

The subject list is Annex No. 1 to this document.

Use of phase-in provisions in accordance with Appendix C of ESRS 1

ID	AR	Title
BP-2_21	–	Topics (E4, S1, S2, S3, S4) were evaluated as significant

The provision is not applied as the average number of employees during the financial year exceeds 750.

ID	AR	Title
BP-2_22	–	Disclosure of a list of issues evaluated as significant

Not specified with regard to [BP-2_21](#)

ID	AR	Title
BP-2_23	–	Disclosure of how the business model and strategy consider impacts related to sustainability matters that have been assessed as significant

Not specified with regard to [BP-2_21](#).

ID	AR	Title
BP-2_24	–	A brief description of all time-bound targets set in relation to the given issues, and the progress made in achieving these targets

Not specified with regard to [BP-2_21](#).

ID	AR	Title
BP-2_25	–	Description of policies related to sustainability matters assessed as material

Not specified with regard to [BP-2_21](#).

ID	AR	Title
BP-2_26	–	Description of measures taken to identify, monitor, prevent, mitigate, remedy or terminate actual or potential adverse impacts related to sustainability matters that have been assessed as material, and the outcome of such measures

Not specified with regard to [BP-2_21](#).

ID	AR	Title
BP-2_27	–	Disclosure of metrics related to sustainability matters that have been assessed as material

Not specified with regard to [BP-2_21](#).

1.2 Governance

GOV-1 – The role of administrative, management and supervisory bodies

ID	AR	Title
GOV-1_01	–	Number of executive members

The number of members is regulated by **Act No. 77/2002 Coll., on the Joint-stock Company České dráhy, the State-Owned Organisation Správa Železnic**, and on the amendment of **Act No. 266/1994 Coll., on Rail Systems, as amended, and Act No. 77/1997 Coll., on State Enterprise, as amended**

(hereinafter referred to as **Act No. 77/2002 Coll.**).

Executive members: 1 Director General of the organisation, 1 Deputy Director General.

ID	AR	Title
GOV-1_02	–	Number of non-executive members

Non-executive members: 7 members of the Supervisory Board, 4 members of the Audit Committee.

ID	AR	Title
GOV-1_03	–	Information on the representation of employees and other workers

Nine trade unions operated within the organisation:

- Railway Workers' Union
- Union of Services and Transport
- Alliance of Rail Traffic
- Federation of Train Crews
- Union of Railway Employees
- Democratic Union of Trade Unionists
- Federation of Rolling Stock Technicians
- Federation of Railway Workers of the Czech Republic
- Federation of Train Drivers of the Czech Republic

ID	AR	Title
GOV-1_04	AR 5	Information on members' experience relevant to the sectors, products and geographical location of the undertaking

The Supervisory Board consists of seven members appointed and dismissed by the government upon the proposal of the Minister of Transport. The government appoints the chairperson of the Supervisory Board from among its members, who oversees its activities. See **Act No. 77/2002 Coll.**

The process is governed by **Act No. 353/2019 Coll., on the Selection of Persons to the Management and Supervisory Bodies of Legal Entities with State Ownership Interest** (Nomination Act). Members of the Supervisory Board undergo an interview with the Personnel Committee.

The Director General and Deputy Director General must meet the eligibility criteria according to **Act No. 266/1994 Coll., as amended.**

ID	AR	Title
GOV-1_05	–	Percentage of members of administrative, management, and supervisory bodies by gender and other diversity aspects

The statutory body and the representative of the statutory body are 100 % represented by men. The Supervisory Board is made up 100 %

All members of the Audit Committee meet the requirements for committee membership, are independent, and professionally qualified, i.e. they have held an executive managerial position in an accounting entity operating in the same sector as Správa železnic, or have been responsible for performing risk management functions, compliance evaluation, internal audit, actuarial functions or other similar roles for at least two years. Three members shall demonstrate knowledge and/or prior experience in the field of accounting to ensure their ability to properly perform a committee member's duties, taking into account the sectoral scope of the organisation.

of men. The Audit Committee comprises an equal representation of women and men, with each gender accounting for 50 %.

ID	AR	Title
GOV-1_06	–	Gender diversity ratio in the Supervisory Board

The Supervisory Board is 100 % male. The Director General and the Deputy Director General are male.

ID	AR	Title
GOV-1_07	–	Percentage of independent members of management and supervisory bodies

The Supervisory Board consists of seven members who are appointed and dismissed by the Government of the Czech Republic, and these members are 100 % independent.

All four members of the Audit Committee are independent, i.e. 100 %. Overall, the percentage of independent members of the governing and supervisory bodies is 100 %.

ID	AR	Title
GOV-1_08	–	Information on the identity of administrative, management, and supervisory bodies or individuals within the body responsible for overseeing impacts, risks and opportunities

Information about the composition of the Supervisory Board, the organisation's management, and the Audit Committee is shared on the organisation's [website](#).

ID	AR	Title
GOV-1_09	AR 3	Disclosure of how the responsibility of the authority or individuals within the authority for impacts, risks and opportunities is reflected in business conditions, board mandates and other related policies.

The Supervisory Board approves the audit activity plan for the respective calendar year and is annually informed about the results of audit activities. Findings of external bodies and institutions, and the corrective measures adopted.

appropriate actions (Risk Management Committee).

The Audit Committee is responsible for overseeing the risk management system within the organisation, and its mandate is established by the Statute of the Audit Committee of Správa Železnic, Státní Organizace.

The Director General and the Supervisory Board monitor and evaluate risks and take

ID	AR	Title
GOV-1_10	AR 4	Description of the role of management in the processes, controls, and governance procedures used to monitor, manage, and oversee impacts, risks and opportunities

The main roles of management in the given area are defined by the internal directive [SŽ SM130](#).

The managing role is fulfilled by the Director General. A key role is held by the Director of the Strategy Department, members of the ESG Steering Committee, and the ESG Working Group.

ID	AR	Title
GOV-1_11	–	Description of how oversight of the position is conducted at the leadership level or by the committee to which the leadership role is delegated

The Director General is overseen by the Supervisory Board, and the Supervisory Board is overseen by the government.

The Supervisory Board has an Audit Committee and a Strategy and Development Committee. The Director General also participates in the committee meetings.

ID	AR	Title
GOV-1_12	–	Information on reporting lines to administrative, management and supervisory bodies

In accordance with the provisions of **Act No. 77/2002 Coll.**, the Director General submits materials to the Supervisory Board, usually at its meetings or as requested by the Supervisory Board.

Reports are submitted to the Director General through subordinate departments.

Selected reports are also submitted to the Audit Committee, which reviews them and issues recommendations to the Supervisory Board.

Materials related to audits and inspections by external bodies and institutions are submitted to the Supervisory Board by the Director of the Internal Audit Department.

ID	AR	Title
GOV-1_13	–	Disclosure of how specialised controls and procedures are integrated with other internal functions

Specialised inspections are not yet implemented.

ID	AR	Title
GOV-1_14	–	Disclosure of how administrative, managerial, and supervisory bodies, as well as top executive management, oversee the setting of targets related to significant impacts, risks and opportunities, and how progress towards these targets is monitored

The Director General approves strategies including objectives and sustainability reports. The Director General and the organisation's

management are regularly informed about the progress in achieving these objectives by the Director of the Strategy Department, in

accordance with the procedure established in **SŽ SM130**.

A sustainability report containing sustainability goals and progress in achieving them is presented to the Supervisory Board.

The Director General approves the **The Strategy of the State-owned Organisation Správa železnic** with strategic objectives. Measures to achieve strategic objectives are monitored in the organisation's action plan. The implementation of measures aimed at achieving strategic objectives is evaluated quarterly and reported to the Director General.

ID	AR	Title
GOV-1_15	AR 5	Disclosure of how administrative, management, and supervisory bodies determine whether appropriate skills and expertise are available or will be developed to oversee sustainability matters.

The Supervisory Board adopts resolutions that are published on the **website of Správa železnic**.

The Director General approves the **Sustainability Strategy**. The implementation of measures leading to the achievement of sustainability goals is evaluated semi-annually and reported to the Director General.

The status of strategic projects is evaluated monthly and reported to the Director General.

The Supervisory Board establishes and evaluates key performance indicators for the Director General. The Director General establishes and evaluates key performance indicators for senior employees.

Decisions regarding sustainability are made by the Director General based on proposals from the Director of the Strategy Department.

ID	AR	Title
GOV-1_16		Information on sustainability-related expertise that authorities either directly possess or can utilise

The Director General and members of the Supervisory Board are trained in sustainability-related knowledge. They also have the opportunity to participate in professional conferences and seminars.

The members of the Audit Committee collectively demonstrate a high level of expertise acquired through their professional experience and lifelong learning, while also being provided with all training materials on sustainability matters prepared for the Supervisory Board.

ID	AR	Title
GOV-1_17	–	Disclosure of how sustainability-related skills and expertise relate to material impacts, risks and opportunities

Skills and expertise related to sustainability enable an organisation to enhance its level of sustainability and also to report on sustainability,

which is a prerequisite for maintaining the organisation's ability to secure financing.

GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

ID	AR	Title
GOV-2_01	–	Disclosure of whether, by whom, and how often the administrative, management and supervisory bodies, including their respective committees, are informed about significant impacts, risks and opportunities, the implementation of due diligence processes and the results and effectiveness of policies, measures, metrics and targets adopted to address them

The Sustainability Report is submitted to the Director General and the Supervisory Board annually.

The Director General is informed quarterly by the Director of the Strategy Department about the implementation of measures leading to the achievement of strategic goals. Furthermore, he is informed semi-annually on the implementation of measures aimed at achieving sustainability goals and monthly about the status of strategic projects. In the event of non-compliance with the measures, he is to decide on further action.

The Director General annually submits a sustainability report to the Audit Committee for discussion, and the committee is informed at least once a year of the current status of the organisation's implementation of sustainability reporting in ESG criteria.

ID	AR	Title
GOV-2_02	–	Disclosure on how the administrative, management and supervisory bodies consider impacts, risks and opportunities when overseeing the undertaking's strategy, its decisions on major transactions, and its risk management process, including whether they have considered trade-offs associated with those impacts, risks and opportunities

The organisation considers impacts, risks and opportunities within the framework of a two-year strategic cycle as part of its strategic management. Within the framework of sustainability management, the organisation annually assesses double materiality.

ID	AR	Title
GOV-2_03	–	Disclosure of a list of the material impacts, risks and opportunities addressed by the administrative, management and supervisory bodies, or their relevant committees during the reporting period

The administrative, management and supervisory bodies addressed these highly significant impacts, risks and opportunities for the organisation:

- Preparation of investment plans with an emphasis on climate change mitigation;
- Prevention of waste generation during construction;

- Safety of individuals on the operated railway and during construction activities with excluded operation;
- Optimisation of technological processes to enhance climate resilience;
- Financing from EU sources;
- Sources of external financing;
- Unavailability of aggregates.

GOV-3 – Integration of sustainability-related performance in incentive schemes

ID	AR	Title
GOV-3_01	AR 7	Incentive systems and remuneration policies related to sustainability matters for members of administrative, management and supervisory bodies

The ESG area is not subject to separate policies or incentives that would include sustainability matters in the management remuneration system, but it is part of some KPIs in the environmental field.

The proposed KPIs for senior management for the year 2024 primarily included priorities in ensuring the operational capability and modernisation of the railway infrastructure, with a focus on continuing the linear electrification of tracks and increasing railway capacity for the future shift of transport from road to rail.

ID	AR	Title
GOV-3_02	–	A description of the key characteristics of the incentive schemes

KPIs set the conditions for the payment of the non-guaranteed portion of the salary for the Director General and senior employees.

ID	AR	Title
GOV-3_03	–	Description of specific sustainability-related objectives and/or impacts used to evaluate the performance of members of administrative, management and supervisory bodies

KPIs related to sustainability focus on areas of interest to stakeholders and interested parties (enhancing safety – ETCS, improving accessibility of spaces and railway transport for persons with disabilities, communication with stakeholders and the public – a channel

for submitting suggestions) and areas related to the environment (reducing vibrations, electrification of tracks, establishment of charging stations – reducing noise and carbon footprint).

ID	AR	Title
GOV-3_04	–	Disclosure of how sustainability-related performance metrics are considered as performance criteria or included in remuneration policies

KPIs are an integral part of the remuneration of the Director General and senior employees. The topics of sustainability-related KPIs are derived from the **Strategy Of The State-**

Owned Organisation Správa Železnic and the priorities of the **Government Programme Statement** in the field of transportation.

ID	AR	Title
GOV-3_05	–	The percentage share of the variable component of remuneration dependent on sustainability-related targets and/or impacts

The percentage of the variable component of remuneration linked to sustainability-related targets and/or impacts for the Director General was 82 % for the year 2024.

ID	AR	Title
GOV-3_06	–	Description of the level in the undertaking at which the terms of incentive schemes are approved and updated

The Supervisory Board approves the conditions for the payment of the non-guaranteed component of the salary to the Director General.

ment of wages to senior employees.

The Director General approves the conditions for the payment of the non-guaranteed compo-

GOV-4 – Statement on due diligence

ID	AR	Title
GOV-4_01	AR 8–10	Disclosure of the mapping of information provided in the sustainability statement about the due diligence process

The organisation is updating its business model according to the development of legal regulations, including the CSRD. Based on this development, internal company regulations and processes are being adjusted to enhance the level of sustainability.

The organisation engages in dialogue with stakeholders, proactively presenting its sustainability agenda and its vision of sustainability within the value chain.

GOV-5 – Risk management and internal controls over sustainability reporting

ID	AR	Title
GOV-5_01	AR 11	Description of the scope, main elements and components of risk management processes and systems and internal controls in relation to sustainability reporting

Since 2019, a centralized risk management system has been implemented in the organisation. In specific areas, such as ESG, the risk management process is governed by the relevant legislation and related internal regulations (**Corporate Sustainability Reporting Directive in ESG Criteria according to European Sustainability Reporting Standards**). Risk management in these areas becomes a subsystem of the centralised risk management system.

The main regulations for the centralised risk management system are the confidential internal directive on Risk Management and the statute of the Risk Management Committee. The Risk Management Directive outlines the strategy and objectives of risk management, the fundamental principles of risk management, the main procedures, processes and defines the roles, responsibilities and authorities of the responsible departments involved in the risk management process. The Director General

of the organisation and the Risk Management Committee fulfil the governing role; the risk owners and analysts fulfil the executive role; the Risk Manager fulfils the coordination role; and the Internal Audit Department and the Audit Committee fulfil the oversight role.

Identified risk related to the failure to ensure compliant sustainability reporting is recorded in the risk catalogue for the centralised risk management system and monitored by the owner in the Strategy Department. The catalogue is managed by the Risk Unit within the Internal Audit Department. Risk management and the establishment of appropriate internal controls to mitigate risk are carried out by the owner.

The established controls are subject to regular verification within the framework of all three lines of defence set within the organisation, i.e. at management, risk manager and internal audit level.

ID	AR	Title
GOV-5_02	AR 11	The approach followed for risk assessment, including the risk prioritisation methodology

The assessment methodology is set by a confidential internal directive on Risk Management. The risk assessment associated with ESG reporting is based on the scale used in the centralised risk management system. The risk owner determines the probability of its occurrence and the impact on the organisation. The risk rate and its level are then calculated as a simple product of probability and impact. The risk level was low in 2024. Another monitored risk parameter is the risk limit, which represents

the maximum acceptable level of risk for the organisation. This limit is proposed by the risk owner and approved by the Risk Management Committee. The limit is subsequently compared with the current risk level. The risk limit was not exceeded in 2024. The materiality of the risk is assessed by the risk owner and the Risk Management Committee. The final materiality and the risk monitoring system in the centralised risk management system is approved by the Director General.

ID	AR	Title
GOV-5_03	AR 11	Description of the main identified risks and strategies for their mitigation

As the main threats that may jeopardise the sustainability reporting process and lead to the failure to ensure sustainability data in the timeframe, scope, and required quality for sustainability reporting, the following were identified in 2024:

- complexity, comprehensiveness, and novelty of the topic;
- insufficient strategies and policies for individual sustainability areas;
- insufficient staffing at all levels;
- passive approach of stakeholders;
- absence of software support.

The strategy for mitigating the impacts of the aforementioned threats and ensuring sustainability data in accordance with ESRS requirements includes the following:

- a working group and steering committee for sustainability appointed by the Director General;
- the issuance of the directive on the organisation's sustainability, which clearly defines roles, procedures and responsibilities in the field of sustainability reporting;
- performance of internal audits, fulfilment and monitoring of corrective actions in the information system;
- regular reporting on the findings of the organisation's management.

ID	AR	Title
GOV-5_04	AR 11	Description of how the findings of risk assessment and internal controls regarding the sustainability reporting process were integrated into the relevant internal functions and processes

Given that the organisation has prepared its first sustainability report in accordance with the ESRS for the year 2024, it is anticipated that the findings will be incorporated into the relevant internal functions and processes in subsequent periods.

ID	AR	Title
GOV-5_05	AR 11	Description of regular reporting of findings to administrative, management and supervisory bodies

Risks related to the organisation's sustainability reporting are regularly reported in risk management reports by the risk owner within a centralised risk management system through the relevant information system. The risk associated with insufficient implementation of ESG is included in the comprehensive risk management reports, which are submitted for review and approval to the Risk Management Committee and, upon approval, presented to the Director General. The Annual Risk Management Report is submitted to the Audit Committee and the Supervisory Board.

Internal audits in the organisation are conducted according to the plan, and audit reports are submitted and presented to the senior management.

1.3 Strategy

SBM-1 – Strategy, business model and value chain

ID	AR	Title
SBM-1_01	AR 12–13	Description of significant groups of offered products and/or services

The overview of the organisation's activities is provided in the document **Business Activity Plan of Správa Železnic**. A more detailed description of the significant services offered is provided in the organisation's **Annual Report**.

ID	AR	Title
SBM-1_02	AR 12–13	Description of significant served markets and/or customer groups, including changes during the reporting period

The organisation provides services related to the utilisation of railway infrastructure capacity; therefore, the most significant customer group served is transport operators.

Among the significant serviced markets is the real estate rental market (both residential and commercial spaces) managed by the organisation.

No changes occurred during the reporting period.

ID	AR	Title
SBM-1_03	AR 12–13	Total number of employees (number of employees)

The total number of employees of the organisation is 16,872.

ID	AR	Title
SBM-1_04	AR 12–13	Number of employees (number of employees by geographical area)

The organisation has a total of 16,871 employees in the Czech Republic and one employee in the United Kingdom.

ID	AR	Title
SBM-1_05	AR 12–13	Description of products and services that are prohibited in certain markets

The organisation's scope of activities is defined by **Act No. 77/2002 Coll.** The organisation does not provide services that are prohibited in certain markets.

ID	AR	Title
SBM-1_06	AR 12–13	Total revenues

For the purposes of reporting according to ESRS, Net revenue for the organisation corresponds to the item Net turnover stated in the **Annual Report** for 2024 (amounting to CZK 36,179,275 thousand), specifically in the section **Profit and Loss Statement**.

ID	AR	Title
SBM-1_07	AR 12–13	Revenues by significant ESRS sectors

Currently, the organisation does not have a methodology in place for reporting revenues by significant ESRS sectors.

ID	AR	Title
SBM-1_08	AR 12–13	List of other significant ESRS sectors in which substantial activities are being developed or in which the organisation is or may be associated with material impacts

The organisation does not have additional significant ESRS sectors in which substantial activities are developed or where the organisation may be associated with material impacts.

ID	AR	Title
SBM-1_09	AR 12–13	The undertaking operates in the fossil fuel sector (coal, oil and gas).

The organisation does not operate in the fossil fuel sector.

ID	AR	Title
SBM-1_10	AR 12–13	Revenues from the fossil fuel sector (coal, oil and gas)

The organisation does not trade in coal, oil or gas; therefore, there are no realised revenues from this activity.

ID	AR	Title
SBM-1_11	AR 12–13	Coal revenues

The organisation does not trade in coal; therefore, there are no realised revenues from this activity.

ID	AR	Title
SBM-1_12	AR 12–13	Revenues from oil

The organisation does not trade in oil or its products; therefore, there are no realised revenues from this activity.

ID	AR	Title
SBM-1_13	AR 12–13	Gas revenues

The organisation does not trade in gas; therefore, there are no realised revenues from this activity. The organisation is the consumer of purchased gas.

ID	AR	Title
SBM-1_14	AR 12–13	Revenues from economic activities related to fossil gas in accordance with the taxonomy

The organisation does not trade in gas; therefore, there are no realised revenues from this activity. The organisation is the consumer of purchased gas.

ID	AR	Title
SBM-1_15	AR 12–13	The undertaking operates in chemical manufacturing.

The organisation does not operate in chemical manufacturing.

ID	AR	Title
SBM-1_16	AR 12–13	Revenues from the production of chemical substances

The organisation neither manufactures nor trades chemical products or their derivatives; therefore, there are no realised revenues from this activity.

ID	AR	Title
SBM-1_17	AR 12–13	The undertaking is active in the field of controversial weapons

The organisation is not active in the field of controversial weapons.

ID	AR	Title
SBM-1_18	AR 12–13	Revenues from controversial weapons

The organisation does not trade in weapons; therefore, there are no realised revenues from this activity.

ID	AR	Title
SBM-1_19	AR 12–13	The undertaking is engaged in the cultivation and production of tobacco

The organisation does not engage in the cultivation and production of tobacco.

ID	AR	Title
SBM-1_20	AR 12–13	Revenues from tobacco cultivation and production

The organisation does not trade in tobacco or its derivatives; therefore, there are no realised revenues from this activity.

ID	AR	Title
SBM-1_21	AR 12–13	Description of sustainability-related objectives in terms of significant product and service groups, customer categories, geographical areas and relationships with stakeholders

The description of sustainability-related targets in terms of significant product and service groups, customer categories, geographical areas and relationships with stakeholders is provided in the **Sustainability Strategy**.

ID	AR	Title
SBM-1_22	AR 12–13	Disclosure of the assessment of current significant products and/or services and significant markets and customer groups in relation to sustainability-related goals

The evaluation of current significant activities is presented in the organisation's **Annual Report** in the chapter 'Activities of the Organisation'.

ID	AR	Title
SBM-1_23	AR 12–13	Disclosure of elements of the undertaking's strategy that relate to or impact sustainability matters

The elements of the organisation's strategy that relate to or impact sustainability matters are outlined in the documents **Strategy of the State-Owned Organisation Správa Železnic** and **Sustainability Strategy**.

ID	AR	Title
SBM-1_24	–	List of ESRS sectors that are significant for the undertaking

Not applicable, as the organisation did not utilise any exemption from disclosure.

ID	AR	Title
SBM-1_25	AR 14	Description of the business model and value chain

The description of the organisation's business model is provided in the document **Business Activity Plan of Správa Železnic**.

Given the extensive portfolio of the organisation's activities, the value chain was identified according to key sectors and activities as follows:

1. Upstream (refers to suppliers, raw materials and other inputs)

- a) Manufacturers and suppliers of products and services: This includes companies supplying raw materials and components necessary for the construction and maintenance of railway infrastructure, such as rails, sleepers, signalling equipment and others. Additionally, companies providing services essential for ensuring the management and operation of the organisation's activities.
- b) Engineering and construction companies: These companies specialise in the design, construction, reconstruction, and modernisation of railway tracks, buildings and related infrastructure.
- c) Technology companies: These provide advanced technologies and systems for railway traffic management, automation and safety systems.
- d) Research and development institutions: These focus on innovation and development of new technologies and procedures to improve the efficiency and safety of railway transportation.

2. Downstream (refers to processes, distribution and customers)

- a) **Railway carriers:** Companies operating passenger and freight transport on the railway network. In the Czech Republic, these include České dráhy, RegioJet, Leo Express, Arriva and others.
- b) Logistics and transportation companies: These companies utilise railway transport for the shipment of goods and materials, encompassing both domestic and international transport.
- c) Passengers and customers: Persons and companies that utilise railway transport for their travel or the freight transport.
- d) Municipalities and regions:
 - Collaboration on infrastructure projects: Municipalities and regions collaborate with Správa železnic on the planning and implementation of infrastructure projects such as new lines, stations or the modernisation of existing facilities.
 - Regulation and Planning: Municipalities and regions participate in spatial planning and regulation, which includes approving projects and ensuring they comply with local regulations and community needs.

- Provision of public services: Municipalities and regions proceed in ensuring accessible and efficient railway services for residents according to the provisions of **Act No. 194/2010 Coll., on Public Passenger Transport Services**, which includes coordination with carriers and Správa železnic, particu-

larly in the allocation of railway capacity and the discussion of outage plans.

ID	AR	Title
SBM-1_26	–	Description of inputs and approach to collecting, developing and ensuring inputs

The basic conditions for inputs are determined by European and national legislative requirements, internal guidelines and the specific conditions of particular projects.

ID	AR	Title
SBM-1_27	–	Description of outputs and outcomes in terms of current and expected benefits for customers, investors and other stakeholders

Completed projects and constructions must meet the criteria set by legislation (e.g. the Environmental Impact Assessment (EIA) process, acoustic limits, etc.), technical stand-

ards and the organisation's internal guidelines. Complying with currently applicable standards means an enhancement in quality for users, the environment and local governments.

ID	AR	Title
SBM-1_28	AR 15	Description of the main elements of the value chain upstream and downstream and the position of undertakings in the value chain

The value chain includes actors the upstream and downstream part of the organisation's value chain. Entities in the upstream part of the value chain, where the organisation is in the position of a recipient, supply goods, construction works and services used in the provision of the organisation's services.

The organisation is a public contracting authority pursuant to **Section 4 of Act No. 134/2016 Coll., on Public Procurement**, which predominantly awards public contracts in the performance of relevant activities pursuant to **Section 153, Paragraph 1, Letters c) and f)** of this Act. From the perspective of European legislation, the following are particularly relevant for public procurement: **Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on Public Procurement and repealing Directive 2004/18/EC and Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on Procurement by Entities Operating in the Water, Energy, Transport, and Postal Services Sectors and repealing Directive 2004/17/EC**. The main upstream demanded services are primarily:

- Supply of materials and technologies used in the construction, repair and maintenance of railway tracks and their components, including station buildings.
- Construction works and design activities for the construction, repair, modernisation and maintenance of railway tracks and their

SBM-2 – Interests and views of stakeholders

ID	AR	Title
SBM-2_01	AR 16	Stakeholder engagement

The organisation has long been actively collaborating with stakeholders in planning and coordinating activities to ensure quality and efficiency of cooperation. Based on feedback and changing market conditions, updates are being made to the business strategy.

The organisation engages in dialogue with trade unions, professional associations, communities, suppliers and communicates with

- components, including station buildings.
- Supply of traction electric energy (for carriers).
 - Supply of ICT technologies and applications for use within the organisation's activities.
 - Various services and supplies for facility management purposes (property security, cleaning of spaces, inspections and professional technical reviews of equipment, waste management, etc.).
 - Purchase and repair of rail and road vehicles.
 - Advisory services and services for training and development of the organisation's employees.

Entities in the downstream part of the value chain, where the organisation acts as a provider, receive products or services from the organisation. This primarily concerns railway transport carriers and entities to whom the organisation leases commercial and residential spaces. The end consumers for the organisation are passengers and the public using the services of carriers and services provided in facilities managed by the organisation.

the media and the general public. However, the engagement of suppliers is limited by the provisions of **Act No. 134/2016 Coll., on Public Procurement** (hereinafter referred to as the 'PPA'), which the organisation, as a public contracting authority, is required to comply with.

ID	AR	Title
SBM-2_02	AR 16	Description of the undertaking's key stakeholders

The main stakeholders of the organisation include:

- the founder of the organisation (Ministry of Transport) and other central government authorities (Ministry of Finance, Ministry of the Environment, Ministry of Industry and Trade, Ministry of the Interior, Ministry of Regional Development, etc.),
- State Fund for Transport Infrastructure,
- financing institutions,
- regulatory and supervisory authorities (Railway Authority, Railway Safety Inspection,

Office for the Protection of Competition, etc.),

- employees,
- trade unions,
- suppliers,
- customers (e.g. carriers),
- regional and municipal authorities,
- business partners,
- the public and passengers (including media and interest groups),
- international organisations of which Správa železnic is a member (e.g. UIC, CER).

ID	AR	Title
SBM-2_03	AR 16	Description of stakeholder categories that are involved

The following categories of stakeholders are involved: the founder, other central government authorities and their organisational units, regional authorities, municipal authorities affected by the railway protection zone and

station or stop, the regulator, the financing fund, key suppliers and customers and trade unions.

ID	AR	Title
SBM-2_04	AR 16	Description of how stakeholder engagement is organised

The activities of the organisation and its fundamental relationships with stakeholders are established by **Act No. 77/2002 Coll.** and, as appropriate, by **Act No. 266/1994 Coll.** The strategic objectives of the organisation directly derive from the priorities of the Government of the Czech Republic and EU legislation. The priorities for investment development of railway infrastructure are discussed with carriers, regions, Czech Chamber of Commerce and others.

Suppliers are primarily involved as providers of services that are subject to specific sustainability requirements, encompassing environmental, social, and organisational governance aspects. The organisation is obliged to comply with the provisions of **Section 6, Subsection 4 of the PPA**, and, therefore, when creating tender conditions, evaluating bids, and selecting a supplier, it is required, provided it is appropriate given the nature and purpose of the contract, to adhere to the principles of socially and environmentally responsible procurement. To this end, a chapter on responsible procurement has been incorporated into the internal directive SŽ SM053 **Public Procurement** and a continuously updated Catalogue of Responsible Procurement Elements has been created, which includes a set of requirements regarding the environmental and social characteristics of the supplied goods and services.

ID	AR	Title
SBM-2_05	AR 16	Description of the purpose of stakeholder engagement

The powers of the Government of the Czech Republic are defined by the Constitution of the Czech Republic. The Ministry of Transport acts as the founder of the organisation within the meaning of a specific law. The financing of the organisation is conducted in the context of departmental rules.

The purpose of engaging suppliers is primarily to obtain quality performance from their side, including adherence to the required parameters of environmental and social sustainability. In the case of involving suppliers in preliminary market consultations and thematic meetings, the purpose is to verify the correctness of the organisation's procedures or to obtain feedback from suppliers regarding the organisation's intended steps in the area of procurement.

In addition to meeting these requirements, suppliers are continuously engaged in individual cases through preliminary market consultations for specific public contracts or, for example, through targeted thematic meetings on systemic procedures in public procurement (e.g. issues related to the qualification system).

Other stakeholders are primarily involved during the discussion of investment actions within the construction preparation process. This engagement is fully compliant with the applicable legislation (**Act No. 100/2001 Coll., on Environmental Impact Assessment – EIA process, 283/2021 Coll., Building Act – construction permit proceedings and other related laws**).

The purpose of involving other stakeholders is to fulfil the conditions set by legislative requirements and to ensure consensus within the construction permitting process. In the case of stakeholder engagement in the process of preparing investment actions, the purpose is to streamline the preparation process and ensure quality outputs, including environmental ones.

The purpose of involving carriers is established in **Act No. 77/2002 Coll., Act No. 266/1994 Coll., Act No. 194/2010 Coll. and others**.

ID	AR	Title
SBM-2_06	AR 16	Description of how the outcome of stakeholder engagement is taken into account

The organisation operates exclusively within the framework of **Act No. 77/2002 Coll. and, as appropriate, Act No. 266/1994 Coll., on Rail Systems** as amended.

In the area of procurement, the outcome of supplier engagement in relation to sustainability is evaluated upon the delivery of performance through the documentation of responsible procurement elements used in individual public procurement contracts and, in some cases by also assessing the impacts of specific procedures, for example, within a programme supporting individuals disadvantaged in the labour market, where the actual number of supported individuals in a given calendar year is monitored. In relation to preliminary market consultations, information obtained from suppliers is generally used in the preparation of the tender conditions for a specific public contract, whereby the organisation in such cases marks this infor-

mation, identifies the persons involved in the preliminary market consultation, and provides all relevant information that was part of the preliminary market consultation. Feedback from suppliers during targeted thematic meetings regarding systemic procedures in public procurement is utilised as one of the bases for setting up procurement processes within the organisation.

Within the discussion of investment actions, binding conditions are established for the subsequent phases of the process. These conditions are considered in the contractual documents with construction contractors and are strictly enforced. Construction logs are maintained during construction activities, where discrepancies are recorded. From an environmental perspective, reports on the ecological supervision of construction are prepared as part of large-scale investment projects.

ID	AR	Title
SBM-2_07	AR 16	Description of the understanding of the interests and views of key stakeholders related to the company's strategy and business model

The strategic objectives of the organisation take into account the views of key stakeholders. The financial resources are determined by the Ministry of Transport in connection with ensuring the implementation of measures to achieve the relevant strategic objectives, primarily the tasks set out in the Government Programme Statement.

Key stakeholders are familiar with the business model, the organisation's strategy, the sustainability strategy and the significant topics identified within the materiality assessment. Requirements of the **Business Activity Plan** are

regulated by **Act No. 266/1994 Coll.** and include at least information about the intended scope of activities and their financial arrangements, the technical nature of the railway operated by it, its capacity and the conditions for access to the railway it operates.

For the first year, a process was established to incorporate the interests and views of key stakeholders, during which individuals or representatives of undertakings with whom our organisation has significant collaboration were selected and who are either preparing a sustainability

report for the year 2024 themselves or possess demonstrable knowledge of the subject matter, enabling them to provide input on our double materiality assessment. From the perspective of categorisation, in the first year, one supplier, two customers, one representative of the founder of Správa železnic (the Ministry of Transport),

one member of the audit committee of Správa železnic, and one member of the Supervisory Board of Správa železnic were selected for engagement. The resulting feedback obtained from these individuals was considered during the assessment of materiality.

ID	AR	Title
SBM-2_08	–	Description of changes in strategy and/or business model

Update of the strategy is initiated by the Director General. It reflects the priorities of the government and key EU legislation, e.g. **Regulation of the EP and Council (EU) 2024/1679** of 13 June 2024 on the **Union's**

guidelines for the development of the trans-European transport network. The change in the business model would be based on a potential amendment to **Act No. 77/2002 Coll.**

ID	AR	Title
SBM-2_09	–	Description of how the strategy and/or business model have been modified or are expected to be adjusted to align with the interests and views of stakeholders

The strategy is updated on the basis of the identified views of stakeholders, taking into account the statutory role of the organisation. The strategy update is approved by the Director General. The change in the business model is based on a potential amendment to **Act No. 77/2002 Coll.**

ID	AR	Title
SBM-2_10	–	Description of any additional steps that are planned and their expected timeframe

In 2024, the **Strategy Of The State-Owned Organisation Správa Železnic** was updated. In the following year, the **Sustainability Strategy** will be updated.

ID	AR	Title
SBM-2_11	–	The next steps that are planned and are likely to alter relationships and views of stakeholders

The organisation plans to further develop relationships with stakeholders in the value chain and to continue considering their opinions.

ID	AR	Title
SBM-2_12	–	Description of how the administrative, management and supervisory bodies are informed about the views and interests of affected stakeholders with regard to the undertaking's sustainability-related impacts

The administrative, management and supervisory bodies are regularly (the statutory body quarterly, the Supervisory Board at least once a year) informed about the process of assessing

double materiality, including the involvement (opinions and interests) of the affected stakeholders.

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and the business model

ID	AR	Title
SBM-3_01	AR 17–18	Description of material impacts resulting from the materiality assessment

The most material impacts (with very high importance):

emission footprint creates an opportunity for improving the climate.

1. Preparation of investment plans with an emphasis on climate change mitigation

Railways are inherently the most environmentally friendly mode of transport. A global threat is posed by rising temperatures, which increasingly have severe negative impacts on people, economic activities, ecosystems and the planet's regenerative capacity. For example, the electrification of railways with a lower

2. Prevention of waste generation during construction

During construction or demolition, it is necessary to minimise waste generation in related processes and to consider the Best Available Techniques. It is necessary to ensure that at least 70 % (by weight) of non-hazardous construction and demolition waste generated on-site is prepared for reuse, recycling or other

material recovery, including backfilling using waste as a substitute for other materials. In accordance with the waste management hierarchy and the EU protocol on the management of construction and demolition waste, selective demolition must be employed to enable the removal of hazardous substances and their safe handling, as well as to facilitate reuse and high-quality recycling.

3. Safety of individuals on the operated railway and during construction activities with suspended operation

ID	AR	Title
SBM-3_02	AR 17–18	Description of material risks and opportunities (financial) arising from the materiality assessment

The most material financial risks and opportunities (with very high importance):

1. Optimisation of technological processes to enhance climate resilience (opportunity)

Optimisation of technological processes to enhance climate resilience will ensure the operability of the railway infrastructure even during extreme climatic events. This includes, for example, the issue of the clamping temperature of continuous welded rails, rail braces or thermal expansion joints.

2. Financing from EU sources (opportunity)

Správa železnic is the largest recipient of EU subsidies in the Czech Republic. The main programmes are the **Operational Transport Programme and Connecting Europe Facility**. The current programme period is 2021–2027, with an extension under the so-called n+2 rule, meaning funds can be utilised until 2029. We also draw from the **National Recovery Plan** for the years 2020–2024 and other EU programmes (**JTM, OPTAK, IROP, Modernisation**

Ensuring safety and the protection of life is a significant matter that requires active attention.

Considering the extensive range of the organisation's activities and the resulting number of impacts and their classification from the perspective of data sensitivity, other material identified impacts are listed in the internal confidential document Materiality Assessment of Správa Železnic.

Fund). Grants are provided only for investment projects and within the investment budget for 2024, the plan was to draw CZK 36 billion in investments, of which EU sources cover CZK 12.6 billion (35 % of investment expenditure). EU funds therefore represent a major opportunity to improve the overall condition of the railway network to make it resilient, as user-friendly and safe as possible, and with minimal negative impact on residents and the environment.

3. External funding sources (opportunity)

Sources outside EU funds include bank and non-bank loans, PPP projects, EPC projects and bonds, including green bonds issued by the Ministry of Finance of the Czech Republic. These sources of funding can take various forms and can be used to finance both investment and non-investment actions. This represents an opportunity to diversify income into non-investment/investment actions and financially cover financial needs that are not covered by EU funds or where their resources are insufficient. This applies, for example, to

HSL, traction system conversion, construction projects over CZK 20 billion, long tunnels, digitisation projects, ERTMS and energy construction projects.

4. Unavailability of aggregates (risk)

There is a risk that, due to the current legislative framework in the Czech Republic, available quarries will be closed, resulting in a shortage of suitable material (aggregate) for use in railway superstructure.

ID	AR	Title
SBM-3_03	AR 18	Disclosure of current and anticipated effects of material impacts, risks, and opportunities on the business model, value chain, strategy and decision-making, and how the undertaking has responded or plans to respond to these effects

The organisation draws on binding documents addressing climate change (**Paris Agreement, European Green Deal, Strategy for Sustainable and Smart Mobility – steering European transport into the future COM(2020) 789** dated 9 December 2020, **EU Adaptation Strategy** and others). Climate-related risks lead to stricter criteria for investment actions and increased adaptability to climate change. This also represents an opportunity to increase the share in transportation within both the passenger and freight sectors, as railways are well adapted to climate change.

From the organisational perspective, the main negative consequence is insufficient capacity on overloaded backbone routes. Although 80 % of operations are conducted on 20 % of the network, the organisation manages and maintains the entire network in an operational state at all times, which is demanding both financially and in terms of personnel. Due to the high traffic intensity and the limited number of alternative routes, it is challenging to negotiate temporary

Given the large scope of the organisation's activities (resulting in a large number of risks and opportunities) and their classification in terms of data sensitivity, other material identified risks and opportunities are set out in the internal confidential document **Materiality Assessment of Správa Železnic**.

restrictions (closures) on main lines, which places significant demands on communication between the organisation and carriers.

Another limiting factor is the capacity of contractors (construction companies), who are unable to carry out longer continuous repairs or modernisation of adjacent sections. As a result, an undesirable repeated restriction occurs on the section, which may lead to a decrease in performance in the short term. The lack of alternative railway routes is a competitive disadvantage for rail transport compared to road transport.

ID	AR	Title
SBM-3_04	AR 18	Disclosure of how material negative and positive impacts affect (or are likely to affect) people or the environment

Within the entire value chain, the development of railways has a very positive impact on the environment – it is an ecological and sustainable mode of transport with a lower emission footprint compared to other types of transportation.

Construction and demolition activities generate significant amounts of waste, which negatively impacts the environment. To potentially reduce CO₂ emissions, it is necessary to reduce waste generation and increase the recycling rate.

The organisation guarantees the safety and security of life, impacting its own employees, workers in the value chain, passengers and the general public. The organisation enhances workplace safety during construction projects through contractual standards, supplier employee training and student site visits, thereby improving the qualifications of supplier employees and motivating students to pursue careers in railway infrastructure and transport.

ID	AR	Title
SBM-3_05	AR 18	Disclosure of whether and how impacts originate from or are linked to the undertaking's strategy and business model

The potential for CO₂ emission savings has been quantified for all lines where linear electrification is being prepared or implemented and for lines where the traction power supply system will be unified to AC 25 kV 50 Hz. The issue of this impact is incorporated into strategic objective No. 10(a).

The obligation to recycle construction waste is enshrined in Act No. 541/2020 Coll., on Waste,

and is incorporated into strategic objective No. 10(c).

The safety of individuals is derived from the Strategy – strategic objective No. 7 Safety on the railway and from strategic objective No. 11(a) paragraph 3.

ID	AR	Title
SBM-3_06	AR 18	Disclosure of reasonably anticipated time horizons for material impacts

The anticipated time horizons for material impacts are outlined in the document **Concept for the Development of Electric Traction in the Czech Republic**. The timeframes

established in this document by the Ministry of Transport are binding for the organisation.

ID	AR	Title
SBM-3_07	AR 18	Description of the nature of activities or business relationships through which the undertaking is involved in material impacts

Nature of activities:

- ensuring the operation of the railway infrastructure and its operational capability,
- ensuring the maintenance and repair of the railway infrastructure,
- ensuring the development and modernisation of the railway infrastructure,
- preparation of documentation for negotiating public service obligations,
- checking the use of the railway infrastructure, operation and the operability of the railway.

During the construction and modernisation of railway tracks and related infrastructure, there is a risk of impacting the environment and residents' health due to noise or emissions. This is more often a short-term or medium-term influence. From an overall perspective, the nature of the organisation's activities is positive in terms of impacts. Railways are inherently sustainable and adapted to climate change. From the perspective of transportation types, it is among those environmentally preferred.

ID	AR	Title
SBM-3_08	AR 18	Disclosure of the current financial impacts of material risks and opportunities on the financial position, financial performance and cash flows, as well as material risks and opportunities where there is a substantial risk of significant adjustment to the accounting values of assets and liabilities reported in the relevant Financial Statements in the next annual reporting period

The financial impacts of material risks and opportunities on the financial position, financial performance and cash flows are quantified in an internal confidential document **Materiality Assessment of Správa Železnic**. For individual risks and opportunities, the document specifies the financial impact using a five-level evaluation scale. The assessment is conducted in the short-term, medium-term and long-

term horizons. A more detailed calculation of financial impacts, including the identification of material risks and opportunities where there is a substantial risk of significant adjustment to the accounting values of assets and liabilities reported in the relevant Financial Statements for the next annual reporting period, is under preparation.

ID	AR	Title
SBM-3_09	AR 18	Disclosure of the anticipated financial effects of material risks and opportunities on the financial position, financial performance and cash flows in the short, medium and long term

The financial impacts of risks and opportunities on financial position, financial performance and cash flows are quantified in the internal confidential document **Materiality Assessment of Správa Železnic**. For individual risks and opportunities, the document specifies the

financial impact using a five-level evaluation scale. The assessment is conducted in the short-term, medium-term and long-term horizons. A more detailed elaboration of the financial impacts of material risks and opportunities is under preparation.

ID	AR	Title
SBM-3_10	AR 18	Information about the resilience of the undertaking's strategy and business model regarding its capacity to address its material impacts and risks and to take advantage of its material opportunities.

The resilience of an organisation's strategy and business model, as well as its ability to address material impacts and risks and leverage substantial opportunities, is directly related to

the state's ability to finance the organisation's activities.

ID	AR	Title
SBM-3_11	AR 18	Disclosure of changes in material impacts, risks, and opportunities compared to the previous financial year

2024 is the first period reported under ESRS regulation.

ID	AR	Title
SBM-3_12	AR 18	Disclosure of the specification of those impacts, risks and opportunities that are covered by ESRS Disclosure Requirements as opposed to those covered by the undertaking using additional entity-specific disclosures

The organisation is in the process of preparing the document **Analysis of Climate Risks and Determination of Adaptation Measures**. The organisation has no additional specific information.

1.4 Impact, risk and opportunity management

IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities

ID	AR	Title
IRO-1_01	–	Description of methodologies and assumptions used in the process of identifying impacts, risks and opportunities

Within the organisation, a Working Group of the Director General was established for the implementation of the organisation's sustainability reporting in ESG criteria, the so-called 'PS ESG', and based on an internal regulation, an ESG management team was established. An internal directive for ESG reporting was created and implemented. Subsequently, a new methodology for the process of assessing double materiality was developed and interconnected, which

includes a description of the entire process, individual steps for compiling a comprehensive overview of the organisation's impacts, risks, and opportunities, and the stakeholder engagement, including communication of outputs and revisions. The materiality was primarily assessed by the relevant employees and subsequently validated by the ESG Working Group. Subsequently, the materiality was communicated in writing with selected significant stakeholders.

ID	AR	Title
IRO-1_02	–	Description of the process for identifying, assessing, prioritising and monitoring the potential and actual impacts of the undertaking on people and the environment, supported by the undertaking's due diligence process

An internally compiled and subsequently evaluated list of impacts on people and the environment for the ESG area. Compilation was carried out in several phases:

- individual preparation of the list;
- scaling assessment of individual impacts, risks and opportunities;
- approval of the materiality assessment by the ESG PS team.

ID	AR	Title
IRO-1_03	–	Description of how the process focuses on specific activities, business relationships, geographical areas or other factors that increase the risk of adverse impacts

Within the PS ESG Working Group, which creates and evaluates the significance of individual impacts, risks and opportunities, experts from various organisational units responsible for topics defined in the ESRS regulation are represented. Each of these units simultaneously actively collaborates with individual parts

of the value chain, thereby also considering the continuously obtained feedback. This ensures the coverage of all relevant topics, while also including the potential risk of adverse impacts in their assessment.

ID	AR	Title
IRO-1_04	–	Description of how the process considers the impacts in which the undertaking is involved through its own operations or as a result of business relationships

The organisation is preparing conditions for the future acceptance of sustainability issues in its business relationships; however, it is currently subject to the provisions of Czech legal regulations, which at present primarily favour evaluation based on price criteria and

partially on quality, rather than sustainability. In the future, we anticipate that the legal framework for sustainability will be fully transposed into the legislation of the Czech Republic.

ID	AR	Title
IRO-1_05	–	Description of how the process includes consultation with affected stakeholders to identify how they may be impacted, as well as with external experts

Following the information provided in [IRO-1_03](#) active and regular communication is conducted with the relevant stakeholders, for example, through meetings with carriers or discussions with qualified suppliers. This ensures the mutual exchange of feedback on topics defined by the ESRS regulation. If necessary, collaboration with external experts is also utilised for areas requiring specialisation that the organisation does not possess, such as conducting a climate analysis. The organisation

actively participates in the preparation of a unified methodology for reporting the transportation emissions footprint, organised by the Ministry of Transport.

ID	AR	Title
IRO-1_06	–	Description of how the process prioritises negative impacts based on their relative severity and likelihood, and, where applicable, positive impacts based on their relative scale, scope and likelihood, determining which sustainability matters are material for reporting purposes

In the internal confidential document **Materiality Assessment of Správa Železnic**, all impacts, risks, and opportunities are listed, including explanations of the individual assessment scales.

impact is determined if its importance is at least high, which corresponds to a resulting value above 3.5.

The significance of negative impacts is calculated as the average of their severity, extent, irreversibility and probability, ranging from 1 to 5. The materiality of a negative

The importance of positive impacts is calculated as the average of their intensity, extent and probability, ranging from 1 to 5. The significance of a positive impact is determined if it reaches at least high importance, which corresponds to a final value above 3.5.

ID	AR	Title
IRO-1_07	–	An overview of the process used to identify, assess, prioritise and monitor risks and opportunities that have or may have financial effects

The procedure outlined in [IRO-2_13](#) was used to identify risks and opportunities.

financial consequences, ranging from 1 to 5. The materiality of risks and opportunities is determined if their importance is at least high, which corresponds to a resulting value above 3.5.

The importance of risks and opportunities is calculated as the average of the probability of their occurrence and the potential extent of

ID	AR	Title
IRO-1_08	–	Description of how the interrelations of impacts and dependencies with risks and opportunities that may arise from these impacts and dependencies have been considered

If, within the assessment of impact materiality and/or the assessment of financial materiality, their importance is determined to be at least high (which corresponds to a resultant value above 3.5), they are evaluated as significant in terms of double materiality.

ID	AR	Title
IRO-1_09	–	Description of how the probability, magnitude and nature of the effects of identified risks and opportunities were assessed

The probability of occurrence indicates how likely the emergence or occurrence of a risk or opportunity is. The evaluation ranges from 1 to 5 according to the scale:

Table 1 – Scales for assessing the likelihood, magnitude and nature of the effects of identified risks and opportunities

Level	Designation	Description
1	almost excluded	Will occur only in exceptional cases.
2	exceptionally possible	Might occur sometimes but is unlikely.
3	commonly possible	May occur sometimes.
4	probable	Likely to occur.
5	bordering on certainty	Almost always occurs.

ID	AR	Title
IRO-1_10	–	Description of how sustainability-related risks were prioritised compared to other types of risks

Aggregated corporate risks are recorded in the risk catalogue for centralized management in a sophisticated information system. The sustainability domain is a subsystem of the centralised risk management system, where sustainability risks are assessed according to double materiality in compliance with ESRS. Risks in the catalogue for centralised risk management are assigned sustainability factors (E, S, G) and are assessed based on probability and impact on a five-point scale. The final materiality of corporate risks is determined by the Director General

following the recommendation of the Risk Management Committee. For each risk, its individual assessment is always crucial. If, for instance, the risks are related to security, a lower acceptable risk limit is typically set, representing the maximum tolerable level of risk for the organisation. It can therefore be stated that these risks are prioritised and receive increased attention from the organisation's leadership – they are reported quarterly to the organisation's senior management and discussed at regular meetings of the Risk Management Committee.

ID	AR	Title
IRO-1_11	–	A description of the decision-making process and the related internal control procedures

The Risk Unit within the Internal Audit Department is a crucial element of internal control and oversees a centralized risk management system in which aggregated enterprise-wide risks are assessed. The decision-making process and procedures are established by the confidential directive

SŽ SM065 Risk Management. The subsystem of centralised risk management is the sustainability area, which is governed by the relevant legislation and directive **SŽ SM130 Corporate Sustainability Reporting Directive in ESG Criteria according to European Sustainability Reporting Standards.**

ID	AR	Title
IRO-1_12	–	Description of the extent to which and how the process of identifying, assessing and managing impacts and risks is integrated into the undertaking's overall risk management process and used to evaluate the undertaking's overall risk profile and risk management processes

The procedure for identifying, assessing and managing enterprise-wide strategic risks within a centralized risk management system is established by the internal directive **SŽ SM065 Risk Management.** The sustainability area is a subsystem of this system and is governed by the directive **SŽ SM130 Corporate**

Sustainability Reporting Directive in ESG Criteria according to European Sustainability Reporting Standards. Persons responsible for risk management in these areas provide cooperation for the purposes of the centralised risk management system.

ID	AR	Title
IRO-1_13	–	Information on the extent to which and how the process of identifying, assessing and managing opportunities is integrated into the undertaking's overall management process, where applicable

The centralised risk management system primarily focuses on risk recording, given the organisation's activities and mission. Opportunities are monitored within the sustainability subsystem, and the process of their identification, evaluation, and management is based on the provisions in the internal regulation **SŽ SM130 Corporate Sustainability Reporting Directive in ESG Criteria according to Euro-**

pean Sustainability Reporting Standards and ESRS.

ID	AR	Title
IRO-1_14	–	Description of the input parameters used in the process for identifying, assessing and managing material impacts, risks and opportunities

In a centralised management system, data obtained from risk owners, who are responsible for the processes they manage and possess a high level of process knowledge, are primarily used as input parameters in the process of risk identification, assessment and management. The identification, assessment, and management of material impacts, risks, and opportunities in the field of sustainability were carried out by the ESG Working Group appointed by the Director General. The PS ESG is composed of experts from across the organisation and covers the entire scope of the organisation's activities.

ID	AR	Title
IRO-1_15	–	Description of how the process of identifying, assessing and managing impacts, risks and opportunities has changed compared to the previous reporting period

In 2024, the initial identification, assessment and management of impacts, risks and opportunities was conducted in accordance with the sustainability reporting standards. Revisions of the materiality assessment will be conducted annually.

IRO-2 – Disclosure requirements in ESRS covered by the undertaking's sustainability statements

ID	AR	Title
IRO-2_01	–	Disclosure of the list of data points derived from other EU legal regulations and information about their placement in the sustainability statement

The organisation does not have a list of data points derived from other EU legislation.

ID	AR	Title
IRO-2_02	AR 19	Disclosure of the list of ESRS Disclosure Requirements that were fulfilled during the preparation of the sustainability statement following the materiality assessment outcome

Table 2 – List of ESRS disclosure requirements – outcome of materiality assessment

Topic	ESRS codification	Title	Materiality of the topic
General information	ESRS 2	General disclosures, including information provided under the Application Requirements of topical ESRS listed in ESRS 2 Appendix C.	Significant
Environmental information	ESRS E1	Climate change	Significant
	ESRS E2	Pollution	Significant
	ESRS E3	Water and marine resources	Insignificant
	ESRS E4	Biodiversity and ecosystems	Insignificant
	ESRS E5	Resource use and circular economy	Significant
Social information	ESRS S1	Own workforce	Significant
	ESRS S2	Workers in the value chain	Significant
	ESRS S3	Affected communities	Significant
	ESRS S4	Consumers and end-users	Significant
Governance information	ESRS G1	Business conduct	Significant

ID	AR	Title
IRO-2_03	–	Explanation of the negative materiality assessment for ESRS E1 Climate Change

The organisation has assessed the topic **ESRS E1 Climate change** as significant.

ID	AR	Title
IRO-2_13	–	Explanation of how significant information to be disclosed regarding material impacts, risks and opportunities was determined

The members of the ESG Working Group compiled and subsequently evaluated a list of the organisation's impacts, risks, and opportunities in the ESG area both individually, within individual departments and during collective workshops facilitated by ESG managers.

This compilation took place in phases:

- a. Individual preparation of impacts, risks and opportunities by individual members of the ESG Working Group, who considered:
 - Their expert perspective on the issue.
 - Knowledge of specific information and feedback regarding issues from upstream and/or downstream. The job responsibilities of ESG PS members include both direct contact and addressing issues and questions in the given field.
- b. Assessment of impacts, risks and opportunities by individual members of the ESG Working Group – the assessment also includes justification regarding the importance of the issue.
- c. Comprehensive assessment of impacts, risks and opportunities across the entire ESG Working Group. This assessment ensured that it was not based on an individual perspective but on the basis of comprehensively presented data and reflected the importance of the issue from the standpoint of the organisation as a whole. The final evaluation was subject to approval by the entire ESG Working Group.

The evaluation of issues achieves a score of 1 to 5 in all required categories (impact magnitude, impact extent, irreversibility, likelihood, financial influence, potential scope of financial consequences) based on the established rating scales for these categories. The importance is calculated as the average of the relevant values and ranges from 1 to 5. Materiality is determined when at least high importance is achieved, which corresponds to a resulting value above 3.5.

The final output of the assessment is a list of the most material impacts, risks or opportunities that are material to the organisation. From this list, a set of topics will also emerge that are not evaluated as significant for the given year, and therefore the organisation will not address them within the sustainability report.

2 Information about the environment

2.1 Disclosure pursuant to Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment (known as the EU Taxonomy)

2.1.1 BASIC PRINCIPLES

Legislative requirements

In June 2020, the European Commission approved the so-called EU Taxonomy, i.e. Regulation **EP and Council (EU) 2020/852** on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (hereinafter referred to as the 'EU Taxonomy'). The EU taxonomy is one of the pillars of the Sustainable Finance Action Plan, whose general objective is to redirect investments into so-called 'sustainable activities'. The EU taxonomy in this regard provides a comprehensive classification system for these so-called sustainable activities, thereby offering a clear framework for investors and businesses.

The EU Taxonomy is based on six fundamental environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources

4. Transition to a circular economy
5. Prevention and reduction of pollution
6. Protection and restoration of biodiversity and ecosystems

Subsequently, supplementary legislative provisions were issued to the basic regulation, known as Commission Delegated Regulations (hereinafter referred to as 'delegated acts'):

- **Commission Delegated Regulation (EU) (2021/2139)** supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives (as amended);
- **Commission Delegated Regulation (EU) 2021/2178** supplementing Regulation (EU) 2020/852 of the European Parliament and

of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation (as amended);

- **Commission Delegated Regulation (EU) 2022/1214** amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors, and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities.
- **Commission Delegated Regulation (EU) 2023/2486** supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control, or to the protection and restoration of biodiversity and ecosystems and for determining whether that economic activity causes no significant harm to any of other environmental objectives and amending Commission Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities.

The approach of Správa železnic

The organisation is responsible for the modernisation, development, operability and operation of the state-owned railway infrastructure, i.e. it manages, administers and innovates the railway network and adjacent infrastructure (e.g. railway station buildings) throughout the Czech Republic. It also ensures international cooperation in the field of innovation and interconnection of railway

networks. However, it also focuses on other activities, e.g. construction works, electricity distribution and trade, and it is also involved in science and research projects co-financed by the Technology Agency of the Czech Republic.

The organisation has an obligation to report shares of its key financial indicators according to the EU Taxonomy from the financial year 2025, in full scope, i.e. it reports both eligible activities and activities in alignment.

Given the complexity of the entire topic, the organisation started preparing voluntarily for the EU Taxonomy assessment in 2023 and 2024 to allow for the processing of relevant studies necessary for the potential evaluation of compliance of our activities within the given timeframe.

The assessment is carried out in several consecutive steps: (i) Assessment of eligibility of economic activities (ii) Assessment of compliance, i.e. assessment whether the activity meets the relevant technical screening criteria (substantial contribution and the Do No Significant Harm principle) as well as minimum safeguards requirements under Article 18 of the EU Taxonomy, (iii) Reporting of relevant key performance indicators, (iv) Preparation of disclosures under Article 8 of the EU Taxonomy.

The assessment procedure and outputs are set out in the following chapters.

2.1.2 ASSESSMENT OF ELIGIBILITY

The economic activity of the organisation is eligible under the EU Taxonomy if it meets the prescribed Technical Screening Criteria in the relevant delegated acts, i.e. in Regulation 2021/2139 and 2023/2485, which relate to the first two so-called climate objectives, and in Regulation 2023/2486, which includes the remaining four environmental objectives. The activity of the organisation is qualified as eligible if it meets the

description of the activity specified in the delegated act.

Správa železnic has identified all its economic activities and subsequently assessed their eligibility based on the classification of activities and the description of activities in the delegated acts. The activities in the following table have been assessed by Správa železnic as eligible and thus designated for subsequent compliance evaluation:

Table 3 – Overview of eligible activities

Aktivita	Title
Objective 1: Climate change mitigation	
4.9	Transmission and distribution of electricity
4.15	District heating/cooling distribution
6.14	Infrastructure for railway transport
6.15	Infrastructure enabling low-carbon road transport and public transport
7.2	Renovation of existing buildings
7.3	Installation, maintenance and repair of equipment for enhancing energy efficiency
7.7	Acquisition and ownership of buildings
9.1	Research, development, and market-oriented innovation
Objective 4: Transition to a circular economy	
3.2	Renovation of existing buildings
3.3	Demolition of buildings and other structures
3.5	The use of concrete in construction
5.4	Sale of used goods

Eligible activities were identified within the framework of three objectives: Climate change mitigation (objective 1), Climate change adaptation (objective 2), and Transition to a circular economy (objective 4).

Activities identified within the first objective are also listed for the second objective. Given that the EU Taxonomy does not allow double counting, Správa železnic has decided to report these activities within the framework of the first climate objective, which is more significant for the company. The activity classified under goal 4 Transition to a Circular Economy with code 3.2 (Renovation of existing buildings) is also included under the first goal and will therefore also be reported within the framework of the first goal.

All other activities of Správa železnic were evaluated as ineligible according to the EU Taxonomy or deemed insignificant, and therefore are not further assessed.

Within the identified activities, it is necessary to specify certain details. Activity 4.15 is listed in the table of eligible activities; however, in the EU Taxonomy, it is classified solely as 'Construction, reconstruction, and operation of pipelines and related infrastructure for the distribution of heating and cooling, ending at the transfer station or heat exchanger.' Within the scope of this definition, the activity is conducted in only two locations (Ostrava-Svinov and Pardubice), and the activity is negligible in terms of the amounts of key performance indicators. The activity was therefore assessed as immaterial and will not be further evaluated.

Activity 6.15 Infrastructure enabling low-carbon road transport and public transport is defined as the construction, modernisation, maintenance and operation of infrastructure essential for the operation of zero-exhaust-emission CO₂ road transport, as well as transshipment infrastructure and infrastructure necessary for urban transport operations. This activity

concerns Správa železnic to a very limited extent; bridges over railway lines may also serve road transport. Given the scope and coverage of these activities, as well as in activity 6.14, this activity is not further assessed independently.

2.1.3 COMPLIANCE ASSESSMENT

According to Regulation (EU) 2020/852 of the European Parliament and of the Council, an economic activity qualifies as environmentally sustainable if this economic activity:

- a) contributes substantially to one or more of the environmental objectives set out in Article 9 in accordance with Articles 10 to 16;
- b) does not significantly harm any of the environmental objectives set out in Article 9 in accordance with Article 17;
- c) is carried out in compliance with the minimum safeguards laid down in Article 18; and
- d) complies with technical screening criteria that have been established by the Commission in accordance with Article 10(3), 11(3), 12(2), 13(2), 14(2) or 15(2).

As part of the compliance assessment, it is therefore necessary to evaluate the technical screening criteria and minimum safeguards. Within the technical screening criteria, the significant contribution is assessed, i.e. how the given activity contributes to a specific environmental objective, and the Do No Significant Harm principle, which means that the given economic activity should not have a negative impact on the remaining five environmental objectives.

Minimum safeguards

Minimum safeguards are procedures implemented by an undertaking carrying out an economic activity that ensure alignment with the OECD Guidelines for Multinational Enterprises

and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

Správa železnic, as a state-owned organisation subordinated to the Ministry of Transport, is obliged to fulfil the duties stipulated by laws and relevant government acts. Správa železnic complies with minimum social safeguards and human rights principles, following international conventions and declarations on human and labour rights.

Code of Ethics

The **Code of Ethics** of Správa železnic contains the basic values, principles and objectives that the organisation adheres to in carrying out its activities. By respecting and adhering to the principles of the Code of Ethics of Správa železnic, the organisation effectively prevents undesirable behaviour. The Code of Ethics of Správa železnic is binding for employees.

The Code of Ethics is binding for all employees, and its knowledge is verified through regular training sessions.

Compliance programme

Správa železnic declares adherence to ethical and moral standards by both the organisation and its employees through the implementation of an effective compliance programme. The **Code of Compliance Programme** reflects the recommendations stated in the Departmental Internal Anti-Corruption Programme of the Ministry of Transport dated 12 July 2018 and the Framework Departmental Internal Anti-Corruption Programme of the Office of the Government of the Czech Republic from October 2018. This Code, however, does not solely pertain to corruption-related

criminal acts and anti-corruption measures but also to all actions and criminal offenses for which Správa železnic may bear criminal responsibility, including corruption, or which may negatively impact the corporate culture of Správa železnic (i.e., also unethical and immoral behaviour). The Code of Compliance Programme of Správa železnic, státní organizace.

Správa železnic hereby expresses its commitment to not tolerate any forms of undesirable conduct, such as unethical behaviour and unlawful actions, including criminal activities, regardless of whether Správa železnic may also be responsible for the undesirable conduct or not. To this end, Správa železnic is prepared to exert maximum effort to prevent undesirable conduct by all legal means, to identify it and to penalize it. By this Code, Správa železnic thus introduces a comprehensive and interconnected system of internal measures and procedures for the prevention, detection and response to undesirable conduct of its employees. This Code, together with the Code of Ethics, forms an irreplaceable and strategic part of Správa železnic's corporate culture and serves to strengthen it.

Within the Code of Compliance, the creation and strengthening of corporate culture, increasing transparency of information disclosure, risk management in the area of compliance and corruption, monitoring of controls, procedures for suspected misconduct, etc. are addressed.

Submissions concerning reports of unethical or undesirable conduct or suspicions of such conduct shall be dealt with by the Compliance Officer. The Compliance Officer is an employee who is responsible for setting up compliance programme rules, and is also responsible for monitoring compliance with the compliance programme and for properly investigating all submissions made.

The Code of Ethics and the Code of Compliance are binding documents for all employees and their knowledge is verified through regular training. Employee education is among the priorities of Správa železnic, not only in the area of internal policies, but also in the areas of environment, corruption, etc. The education system is annually modified and updated according to new needs so that the acquired knowledge serves employees not only in their professional but also personal lives.

Human rights, employee working conditions, equal opportunities

Within the company, policies are established that set out the commitment to respect human rights and comply with international standards, particularly the UN Guiding Principles on Business and Human Rights. These principles are an integral part of corporate governance. We regularly identify potential human rights violation risks in our activities, both within our business operations and supply chain, e.g. through regular internal audits or stakeholder consultations. Our employees are guaranteed fundamental labour rights, such as a fair wage and a safe and non-discriminatory environment.

Ensuring occupational health and safety (OHS) is a permanent priority and indispensable activity for both managers and regular employees within Správa železnic. Emphasis is placed particularly on awareness of occurring risks and hazardous factors, including establishing appropriate measures to eliminate harm to health, not only for employees but also for external legal entities.

Diversity and equal opportunities are among the topics that the organisation actively addresses. Together with other European railways, the organisation has signed the Europe-wide agreement of social partners in the railways (CER and ETF) – Women in Rail and is working on its implementation. The

agreement promotes equal opportunities, promotes equal treatment, non-discrimination and similar factors that the organisation needs for success in the current and future society.

Správa železnic has concluded a Corporate Collective Bargaining Agreement that covers social matters and occupational health and safety, remuneration principles and the scope of employee benefits.

As part of stakeholder engagement, the organisation regularly communicates with trade unions; there are nine trade unions operating at Správa železnic, including both multi-professional unions and those representing only professional groups of employees. Dialogue and meetings take place regularly. Continuous dialogue is also maintained with professional unions and associations, particularly the Confederation of Industry of the Czech Republic, the Czech Chamber of Commerce, etc.

Public procurement terms

The organisation is both a public and sector contracting authority pursuant to **Act No. 134/2016 Coll.** on Public Procurement. Správa železnic is therefore subject to the obligation of responsible public procurement expressed by the principles set out in Section 6 of the aforementioned Act, which were added to the Act at the beginning of 2021.

The organisation has been applying responsible public procurement principles since 2020, when the first methodological guide for responsible procurement in the organisation was issued. The guide contains a catalogue of mandatory and optional elements of responsible procurement. In the area of responsible procurement, Správa železnic made significant progress in 2022 both in terms of methodology and in practical terms when awarding specific public procurement contracts. A number of actions have been taken to expand the proper application of responsible procurement within the organisation. In 2021,

an obligation was introduced to complete a responsible procurement checklist for every procurement procedure. The checklist achieved organisation-wide consideration of responsible procurement issues. Furthermore, a detailed record of responsible procurement use within the organisation has been prepared to provide the necessary statistical information about the scope and use of responsible procurement elements within the organisation. This record will enable both detailed reporting of responsible procurement inside and outside the organisation, as well as evaluation of the success of responsible procurement. The evaluation will be followed by steps to further improve procurement practices in this relatively new dynamically evolving area.

Assessment of technical screening criteria for identified eligible activities under the climate change mitigation objective

Transmission and distribution of electricity (see Table 1, activity 4.9)

The organisation ensures the purchase and sale of electricity, including all related activities, both for its own need and for supplying customers connected to the local distribution system of the railway (LDSŽ). All processes comply with the requirements of **Act No. 458/2000 Coll., on Business Conditions and Public Administration in the Energy Sectors and on Amendment to Other Acts (Energy Act)**, and its implementing regulations, particularly **No. 408/2015 Coll., on Electricity Market Rules, and Decree No. 16/2016 Coll., on Conditions for Connection to the Power System**. The requirements of **Act No. 406/2000 Coll., on Energy Management**, are ensured within the operation and maintenance of the local distribution system of the railway by the regional directorates of Správa železnic.

Within the meaning of the Energy Act, the organisation is partly an end user of electricity and partly an operator of a local distribution system and an electricity trader that ensures electricity supply for external entities on the railway. However, in terms of assessing compliance with Activity 4.9 according to the EU Taxonomy, Správa železnic does not meet the specified technical screening criteria within the Substantial Contribution category. The activity was assessed as only eligible, not aligned with the EU Taxonomy.

Railway transport infrastructure (see Table 1, activity 6.14)

This activity is defined in the delegated act as 'Construction, upgrading, operation and maintenance of railways and underground railways, as well as bridges and tunnels, stations, terminals, railway service facilities, safety and traffic management systems, including the provision of architectural services, engineering services, drafting services, building inspection services and surveying and mapping services and similar services, as well as the performance of physical, chemical and other analytical testing of all types of materials and products.'

Significant contribution

The organisation's activity meets the significant contribution criteria in terms of infrastructure definition under Appendix II.2 of Directive (EU) 2016/797 of the European Parliament and of the Council. The second defined criterion is that the infrastructure is not intended for the transport or storage of fossil fuels. At present, it is not possible to separate parts of infrastructure that are or are not intended for fossil fuel transport, as fossil fuels are commonly transported within railway infrastructure.

Do No Significant Harm

Within Appendix A (General criteria of the 'Do No Significant Harm' principle for climate

change adaptation), the undertaking is obliged to thoroughly assess climate risks and vulnerabilities. This assessment includes the following steps:

- a) screening of activities to determine which physical climate-related risks from the list in Section II of this Appendix may affect the performance of the economic activity during its expected lifetime;
- b) if an activity is considered to be at risk from one or more physical climate-related risks as specified in Section II of this Appendix, an assessment of climate risks and vulnerabilities should be conducted to evaluate the significance of physical climate-related risks for the given economic activity;
- c) assessment of adaptation solutions that can mitigate the identified climate-related physical risk.

Currently, this analysis is not available; therefore, it was not possible to evaluate the activity as compliant, only as eligible.

Other eligible activities within the first climate objective

From the perspective of compliance evaluation within the framework of the first climate goal, meeting the criteria outlined in Appendix A is mandatory for all activities identified by Správa železnic. Considering that the analysis of climate risks is in the processing stage, all these activities are therefore reported only as eligible.

Evaluation of technical screening criteria for identified eligible activities within the objective Transition to a Circular Economy

Activities 3.3. Demolition of buildings and other structures, 3.5 Use of concrete in construc-

tion, and 5.4 Sale of used goods have a DNSH requirement to meet the criteria in Appendix A, i.e., conducting a climate risk analysis. Given that the climate risk analysis is in the processing stage, these activities were reported solely as eligible.

2.1.4 KEY PERFORMANCE INDICATORS

According to Article 8 of the EU Taxonomy, non-financial undertakings are required to disclose key performance indicators, namely:

- a) the proportion of their turnover derived from products or services associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9 of the Regulation; and
- b) the proportion of their capital expenditure and the proportion of their operating expenditure related to assets or processes associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9 of this Regulation.

The procedure for determining key performance indicators is defined in Appendix I of Commission Delegated Regulation (EU) 2021/2178.

When compiling the key performance indicators, double counting was prevented in relation to the allocation between the numerators of key performance indicators for turnover, CapEx and OpEx with regard to individual economic activities.

Turnover

The turnover proportion referred to in Article 8(2)(a) of Regulation (EU) 2020/852 shall be calculated as the part of the net turnover derived from products or services, including intangible assets, associated with Taxonomy-aligned economic activities (numerator), divided by the net turnover (denominator) as

defined in Article 2(5) of Directive 2013/34/EU. Turnover includes revenue recognised in accordance with International Accounting Standard (IAS) 1, paragraph 82(a), as adopted by Commission Regulation (EC) No. 1126/2008.

The part of net turnover derived from products and services associated with economic activities that have been adapted to climate change in accordance with Article 11(1)(a) of Regulation (EU) 2020/852 and in accordance with Appendix II to Delegated Regulation (EU) 2021/2139 shall be excluded from the numerator of the key performance indicator referred to in the first subparagraph where those activities:

- a) can be considered as supporting activities in accordance with Article 11(1)(b) of Regulation 2020/852 or
- b) are not themselves in compliance with the taxonomy.

Capital Expenditure (CapEx)

The proportion of capital expenditures pursuant to Article 8(2)(b) of Regulation (EU) 2020/852 is calculated as the numerator divided by the denominator as defined by Regulation 2021/2178.

The denominator includes increments of tangible and intangible assets during the relevant financial year before depreciation, amortisation, and any revaluation, including increments resulting from revaluation and impairment for the respective financial year, excluding changes in fair value. The denominator also includes increments of tangible and intangible assets arising from business combinations.

For non-financial undertakings applying the International Financial Reporting Standards (IFRS) adopted by Regulation (EC) No. 1126/2008, capital expenditures include costs reported based on:

- a) IAS 16 Property, Plant and Equipment, paragraph 73, letter e), points i) and iii);
- b) IAS 38 Intangible Assets, paragraph 118(e) (i);
- c) IAS 40 Investment Property, paragraph 76 letters a) and b) (for the fair value measurement model);
- d) IAS 40 Investment Property, paragraph 79 letter d) points i) and ii) (for the cost model);
- e) IAS 41 Agriculture, paragraph 50, letters b) and e);
- f) IFRS 16 Leases, paragraph 53 letter h).

The numerator equals the portion of capital expenditure included in the denominator, i.e. that which meets any of the following conditions:

- a) relate to assets or processes associated with economic activities in accordance with the taxonomy;
- b) is part of a plan to expand economic activities in accordance with the taxonomy or a plan to enable economic activities eligible for the taxonomy to become economic activities in accordance with the taxonomy (hereinafter referred to as the 'capital expenditure plan') under the conditions defined in the second subparagraph of this point 1.1.2.2.;
- c) relates to the purchase of outputs from economic activities in accordance with the taxonomy and individual measures that enable target activities to become low-carbon or lead to a reduction in greenhouse gas emissions, particularly activities listed in points 7.3 to 7.6 of Appendix I of the delegated Act on Climate, as well as other economic activities listed in delegated acts adopted pursuant to Article 10(3), 11(3),

12(2), 13(2), 14(2), and 15(2) of Regulation (EU) 2020/852, provided that these measures are implemented and take effect within eighteen months.

Operating Expenditure (OpEx)

The proportion of operating expenses pursuant to Article 8(2)(b) of Regulation (EU) 2020/852 is calculated as the numerator divided by the denominator in accordance with Regulation 2021/2178. The denominator includes direct non-capitalized costs related to research and development, building renovation measures, short-term rentals, maintenance and repairs and any other direct expenses associated with the daily upkeep of assets such as land, buildings and facilities by the undertaking or an external supplier providing these activities, which are necessary to ensure the continuous and effective operation of these assets.

All corresponding operating expenditure of the company for the given financial year was selected by assigning analytical accounts according to the currently valid chart of accounts and further by assigning figures

defined by internal directive SŽ SM060 (Directive for the use of orders in cost accounting).

This selection of performance figures and analytical accounts is recorded in the SAP system in report ZSP3 (Profit and Loss Statement SL broken down by cost units – economic activities), specifically in the variant 'EU Taxonomy – OPEX'. Additionally, we record costs related to activity '6.15 Infrastructure enabling low-carbon road transport and public transport' for Správa železnic charging stations, which are monitored under contracts V700...E, recorded in the SAP system report ZSP1 (Profit and Loss Statement SL broken down by cost units – IZAK), specifically in the variant 'EU Taxonomy – OPEX'.

The total selected eligible/ineligible expenditures are linked to the Financial Statements, Profit and Loss Statement, specifically to categories (A. Production consumption, C. Capitalisation, D. Personnel expenses, F. Other operating expenses).

Table 4 – Activities that are taxonomy-eligible but not environmentally sustainable

Activities that are Taxonomy-eligible but not environmentally sustainable (Taxonomy non-aligned activities)

Activities according to EU Taxonomy		2024		2023	
Demolition of buildings and other structures	3.3	44,835	0.12 %	64,980	0.20 %
The use of concrete in construction	3.5	0	0.00 %	0	0.00 %
Transmission and distribution of electricity	4.9	1,555,154	4.09 %	1,739,126	5.29 %
Sale of used goods	5.4	210,670	0.55 %	226,935	0.69 %
Renovation of existing buildings	7.2	1,086,201	2.86 %	1,057 958	3.22 %
Installation, maintenance and repair of equipment for enhancing energy efficiency	7.3	0	0.00 %	0	0.00 %
Acquisition and ownership of buildings	7.7	150,055	0.39 %	222,270	0.68 %
Research, development, and market-oriented innovation	9.1	0	0.00 %	0	0.00 %
Infrastructure for railway transport	6.14	11,407,343	30.02 %	11,452,568	34.87 %
Infrastructure enabling low-carbon road transport and public transport	6.15	153	0.00 %	21	0.00 %
Operating expenses of activities that are eligible for the taxonomy but are not environmentally sustainable (activities not in alignment with the taxonomy)		14,454,413	38.04 %	14,763 861	44.95 %
Operating expenses of activities ineligible for taxonomy		23,546,674	61.96 %	18,083,644	55.05 %
TOTAL		38,001,088	100 %	32,847,506	100.00 %

2.2 Climate change (ESRS E1)

2.2.1 GOVERNANCE

ESRS 2 GOV-3 – Integration of sustainability-related performance in incentive schemes

ID	AR	Title
E1.GOV-3_01	–	Disclosure of whether and how climate-related factors are considered in the remuneration of members of administrative, management and supervisory bodies.

Answered in [GOV-3_01](#).

ID	AR	Title
E1.GOV-3_02	–	The percentage of recognised remuneration related to climate-related factors

The percentage of recognised remuneration for the Director General related to climate-related factors is 100 % for the year 2024.

ID	AR	Title
E1.GOV-3_03	–	Explanation of climate-related aspects considered in the remuneration of members of administrative, management and supervisory bodies.

The organisation strictly adheres to the priority objectives **Strategy for Sustainable and Smart Mobility – directing European transport into the future**.

incentive schemes is provided in chapter **1. General information GOV-3 – Integration of sustainability-related performance in incentive schemes**.

The description of the integration of sustainability-related performance into

2.2.2 STRATEGY

E1-1 – Transition plan for climate change mitigation

ID	AR	Title
E1-1_02	AR 2	Explanation of how the targets align with limiting global warming to one and a half degrees Celsius in accordance with the Paris Agreement.

The objectives set by the organisation regarding emission sources always aim at their reduction and the pursuit of low-emission and zero-emission solutions. Specifically, they are listed in the document **Sustainability Strategy**.

ID	AR	Title
E1-4_22	AR 26	The target for reducing greenhouse gas emissions is science-based and compatible with limiting global warming to one and a half degrees Celsius.

For the established targets, we do not have direct scientific evidence (nor numerical expression) that they contribute to a specifically set global goal. However, the organisation's goals aim to reduce the amount of emissions produced and inherently contribute to mitigating global warming.

ID	AR	Title
E1-1_03	–	Disclosure of decarbonisation levers and key actions

Based on the **Concept of Electric Traction Development** approved by the Ministry of Transport in 2023, approximately CZK 119.7 billion is to be invested in electrification by 2040. Partially, it will involve conversion to an alternating current traction system, partially simple electrification, and further line modernisation combined with electrification or the electrification of new lines. In suitable contexts, the organisation establishes

infrastructural prerequisites for the operation of Battery Electric Multiple Units (BEMU), and the organisation has previously participated in feasibility studies and the potential application of hydrogen trains.

As part of the modernisation of railway infrastructure, projects are being prepared and implemented to increase capacity (adding more tracks, straightening curves, relocations, etc.)

of conventional lines sections , as well as the construction of new sections (conventional lines, HSL). The objective is to reduce energy consumption (lower the carbon footprint), increase capacity – shift individual and road transport to rail and enhance speed.

The organisation is enhancing the energy efficiency of the systems it utilises, increasing the share of renewable resources, and within the framework of investment project preparations, it proposes greening and vegetation adjustments as part of compensatory measures.

ID	AR	Title
E1-1_04	–	Disclosure of significant operating expenditures (OpEx) and/or capital expenditures (CapEx) required for the implementation of the action plan

Significant CapEx and OpEx are detailed in the annex to the organisation's Financial Statements. The Transition Plan for Climate Change Mitigation has not yet been finalised; therefore, the CapEx and OpEx required for the implementation of the action plan must first be defined, the methodology established, and internal controlling adjusted. We anticipate the processing of the Transition Plan after the establishment of national targets.

Currently, in line with its own objectives, the organisation is investing in measures to reduce greenhouse gas emissions. Non-investment costs for reducing energy (fuel) consumption and emissions, including weatherproofing, new roofing, window replacement, photovoltaic installation , heat pumps installation, boiler replacement and other measures, amounted to CZK 32.002 million in 2024, while investment costs amounted to CZK 272.293 million.

ID	AR	Title
E1-1_05	–	Financial resources allocated for the action plan (OpEx)

Not specified with regard to [E1-1_04](#).

ID	AR	Title
E1-1_06	–	Financial resources allocated to the action plan (CapEx)

Not specified with regard to [E1-1_04](#).

ID	AR	Title
E1-3_07	AR 22	Explanation of the relationship between significant CapEx and OpEx required for the implementation of adopted or planned actions to the key performance indicators mandated under Commission Delegated Regulation (EU) 2021/2178

Not specified with regard to [E1-1_04](#).

ID	AR	Title
E1-3_08	AR 20	Explanation of the relationship between significant CapEx and OpEx required for the implementation of actions adopted or planned in relation to the CapEx plan mandated by the Commission Delegated Regulation (EU) 2021/2178

Not specified with regard to [E1-1_04](#).

ID	AR	Title
E1-1_07	AR 3	Explanation of potential locked-in GHG emissions originating from the company's key assets and products and how these locked-in GHG emissions could threaten the achievement of GHG emission reduction targets and exacerbate transition risk

GHG emissions produced during the modernisation of railway infrastructure are minimised through requirements for suppliers to reduce transport distances, use vehicles and machinery meeting specific emission standards, etc. GHG emissions during construction are primarily associated with building activities. This is a short-term impact that is balanced by subsequent benefits.

incineration for heating and hot water production in operational and administrative buildings. Additional emissions are generated by the operation of the vehicle fleet.

Among the locked-in GHG emissions within the value chain, emissions released by carriers not only on non-electrified railway lines can also be included.

GHG emissions resulting from the organisation's direct activities primarily arise from

ID	AR	Title
E1-1_08	AR 4	Explanation of specific goals or plans (CapEx, CapEx plans, OpEx) for aligning economic activities (revenues, CapEx, OpEx) with the criteria established in the Commission Delegated Regulation 2021/2139

Not specified with regard to [E1-1_04](#).

ID	AR	Title
E1-1_12	–	Exclusion of an undertaking from EU benchmarks linked to the Paris Agreement

The organisation was not excluded from the EU benchmarks linked to the **Paris Agreement**.

ID	AR	Title
E1-1_13	–	Explanation of how the transition plan is integrated into and aligned with the undertaking's overall business strategy and financial planning

The organisation does not currently have a Transition Plan for Climate Change Mitigation, but it will be formulated in the upcoming periods following the establishment of national targets.

it will involve conversion to an alternating current traction system, partially simple electrification, and further modernisation of tracks combined with electrification or electrification of new tracks.

Based on the **Concept of Electric Traction Development** approved by the Ministry of Transport in 2023, an investment of approximately CZK 119.7 billion is planned for electrification by around 2040. Partially,

ID	AR	Title
E1-1_14	–	Transition plan approved by the administrative, management and supervisory bodies

The introductory information on addressing ESG issues within the organisation was presented to the Supervisory Board in 2022. The transition plan will be formulated in the following periods in connection with the establishment of national targets.

ID	AR	Title
E1-1_15	–	Explanation of the undertaking's progress in implementing the transition plan

Not specified with regard to [E1-1_13](#).

ID	AR	Title
E1-1_16	–	Date of adoption of the transition plan for undertakings that have not yet adopted a transition plan

The transition plan will be formulated in the following periods in connection with the establishment of national targets.

ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with the strategy and business model

ID	AR	Title
E1.SBM-3_01	–	Type of climate-related risk

In 2024, the organisation prepared the terms of reference for a public procurement contract **Preparation of a Climate Risk Analysis and Determination of Adaptation Measures**, which will include all requirements stipulated in the

CSRD directive. Completion is planned for the year 2025.

ID	AR	Title
E1.SBM-3_02	AR 6, AR 13	Description of the scope of resilience analysis

Not specified with regard to [E1.SBM-3_01](#).

ID	AR	Title
E1.SBM-3_03, 04	AR 7a, AR 13	Disclosure of how the resilience analysis was conducted (date)

Not specified with regard to [E1.SBM-3_01](#).

ID	AR	Title
E1.SBM-3_06	AR 8a, AR 13	Results of the resilience analysis including the results of the scenario analysis

Not specified with regard to [E1.SBM-3_01](#).

ID	AR	Title
E1.SBM-3_05	–	Time horizons used for resilience analysis

Not specified with regard to [E1.SBM-3_01](#).

ID	AR	Title
E1.SBM-3_07	–	Description of the ability to adapt or adjust the strategy and business model to climate change

Not specified with regard to [E1.SBM-3_01](#).

2.2.3 IMPACT, RISK AND OPPORTUNITY MANAGEMENT

ESRS 2 IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks and opportunities

ID	AR	Title
E1.IRO-1_01	AR 10	Description of the process in relation to impacts on climate change

Not specified with regard to [E1.SBM-3_01](#).

ID	AR	Title
E1.IRO-1_02	AR 13–14	Description of the process related to physical risks associated with climate within own operations and parts of the value chain

Although the organisation does not possess a **Climate Risk Analysis**, it has identified natural threats in a confidential document titled **Risk Analysis for Crisis Planning**. These are threats endangering the lives and health of employees, carriers, passengers, property under the organisation's management and negatively impacting the organisation's activities.

Risk analysis for crisis planning is an annex to the confidential document **Crisis**

Preparedness Plan of Správa Železnic and identifies and evaluates, among other things, the following threats:

- Prolonged drought
- Extremely high temperatures
- Flash floods
- Heavy rainfall
- Extreme winds
- Flood
- Epidemics – mass infections of persons

- Epiphytics – mass infections of field crops
- Epizootic – mass animal diseases
- Large-scale migration waves

The sensitivity of assets and processes to naturogenic threats depends on the geographical location of the asset.

ID	AR	Title
E1.IRO-1_09	AR 13–14	Description of the process related to climate-related transition risks and opportunities within own operations and parts of the value chain

Not specified with regard to [E1.SBM-3_01](#).

ID	AR	Title
E1.IRO-1_08	AR 13–14	Explanation of how climate-related scenario analysis was used to identify and assess physical risks in the short, medium and long term

Not specified with regard to [E1.SBM-3_01](#).

ID	AR	Title
E1.IRO-1_15	AR 13–14	Explanation of how climate-related scenario analysis was used to identify and assess transition risks and opportunities in the short, medium and long term

Not specified with regard to [E1.SBM-3_01](#).

ID	AR	Title
E1.IRO-1_01	AR 10	Description of the process in relation to impacts on climate change

Although the organisation does not possess a Climate Risk Analysis, it strictly adheres to the priority goals of the **Strategy for Sustainable and Smart Mobility – Steering European Transport into the Future**. Before the implementation of any construction project, the impacts on climate change are examined within

the statutory Environmental Impact Assessment (EIA) process.

ID	AR	Title
E1.IRO-1_03	AR 13–14	Climate-related hazards in the short, medium and long term

Not specified with regard to [E1.SBM-3_01](#).

ID	AR	Title
E1.IRO-1_04	AR 13–14	Verification of whether assets and business activities may be exposed to climate-related hazards

In the **Risk Analysis** for crisis planning, natural threats that may affect the organisation's activities and assets are identified. The risk level was calculated using a qualitative method. In 2024, the organisation prepared the terms of reference for a public procurement contract **Preparation of a Climate Risk Analysis** and

Determination of Adaptation Measures, which will also include an assessment of whether assets and business activities may be exposed to climate-related hazards.

ID	AR	Title
E1.IRO-1_05	AR 13–14	Defining short-term, medium-term and long-term horizons

Not specified with regard to [E1.SBM-3_01](#).

ID	AR	Title
E1.IRO-1_06	AR 13–14	Assessment of the extent to which assets and business activities may be exposed and are sensitive to identified climate risks

Not specified with regard to [E1.IRO-1_04](#).

ID	AR	Title
E1.IRO-1_07	AR 13–14	Identification of climate-related risks and assessment of exposure and sensitivity are based on high-emission climate scenarios

Not specified with regard to [E1.SBM-3_01](#).

ID	AR	Title
E1.IRO-1_10	AR 13–14	Transition-related events were identified in the short-term, medium-term and long-term timeframes

Not specified with regard to [E1.SBM-3_01](#).

ID	AR	Title
E1.IRO-1_11	AR 13–14	Verification of whether assets and business activities may be exposed to transitional events

Not specified with regard to [E1.SBM-3_01](#).

ID	AR	Title
E1.IRO-1_12	AR 13–14	Assessment of the extent to which assets and business activities may be exposed and are sensitive to identified transitional events

Not specified with regard to [E1.SBM-3_01](#).

ID	AR	Title
E1.IRO-1_13	AR 13–14	The identification of transition events and the assessment of exposure were based on scenario analysis related to climate

Not specified with regard to [E1.SBM-3_01](#).

ID	AR	Title
E1.IRO-1_14	AR 13–14	Identification of assets and business activities that are incompatible with the transition to a climate-neutral economy or require significant effort to become compatible with the transition to a climate-neutral economy.

The Transition Plan will be prepared following the completion of the **Climate Risk Analysis** and the establishment of national targets for this issue.

ID	AR	Title
E1.IRO-1_16	AR 13–14	Explanation of how the climate scenarios used are compatible with the critical climate assumptions stated in the Financial Statements

Not specified with regard to [E1.SBM-3_01](#).

E1-2 – Policies related to climate change mitigation and adaptation

ID	AR	Title
E1.MDR-P_01-06 –		Established policies for managing material impacts, risks and opportunities related to climate change mitigation and adaptation [see ESRS 2 MDR-P]

The organisation has implemented several policies and measures aimed at managing material impacts, risks and opportunities related to climate change mitigation and adaptation.

The Sustainability Strategy defines the vision for developing a high-quality, resilient, reliable, sustainable, competitive and safe railway infrastructure with the aim of supporting economic development and enhancing people's quality of life.

The organisation has also implemented an **Energy Policy and an Energy Strategy**, addressing impacts, risks and opportunities related to climate change mitigation. The Energy Management System in accordance with ČSN EN ISO 50001, which has been implemented and certified since 2017, also reflects this topic.

In the area of procurement, a chapter on responsible procurement was incorporated into the internal directive **SŽ SM053 Public Procurement** and a continuously updated **Catalogue of Responsible Procurement Elements** was created. This catalogue contains a set of requirements regarding the environmental and social attributes of the delivered goods and services.

The Environmental and Social Policy of Správa Železnic, which is a confidential document, includes a wide range of measures aimed at environmental protection and promoting social responsibility.

Investment actions are prepared and implemented in compliance with applicable legislation and binding policies, including, for example, the Building Act, the Act on Nature and Landscape Protection, the Environmental Impact Assessment Act, the Public Health Protection Act, the Air Protection Act, the Waste Act, internal company directives and technical conditions, and other relevant regulations, including European ones.

Based on the **National Plan for Clean Mobility**, investments are being made in environmentally friendly vehicles, specifically electric or hybrid vehicles. These investments significantly reduce CO₂ emissions and air pollution. Regular maintenance and servicing of vehicles ensure their good technical condition, leading to efficient operation, reduced emissions and increased safety.

ID	AR	Title
E1.MDR-P_07-08 –		Disclosures to be reported in the event that the undertaking has not adopted policies

The organisation has adopted policies for managing material impacts, risks, and opportunities related to climate change mitigation and adaptation.

ID	AR	Title
E1-2_01	AR 16–18	Sustainability matters addressed by the policy for climate change

The organisation addresses sustainability matters through its strategic objectives, which are defined in the **Energy Strategy of the State-owned Organisation Správa železnic**: Implementation of energy-saving measures and improvement of energy efficiency; Development of energy management, Environmental protection. The confidential document Environmental and Social Policies of Správa železnic also includes the organisation's statement on climate change, which describes its approach to mitigating climate change and adapting to these changes.

- a. Climate change mitigation: The organisation actively engages in climate change mitigation through the line electrification and increasing their capacity, thus contributing to the reduction of its carbon footprint. It also focuses on reducing emissions from building operations and carries out tree planting and greenery maintenance, also contributing to environmental protection.
- b. Climate change adaptation: As part of climate change adaptation, the organisation focuses on insulating buildings, acquiring electric vehicles, and preparing and modernising structures that are resilient to climate changes. The organisation also addresses risks and strives to eliminate or mini-

mise their impacts through technical and organisational measures. It also adequately responds to activated threats to ensure the continuous provision of services.

- c. Energy efficiency: The organisation is unifying the traction power system to AC 25 kV 50 Hz and improving energy efficiency through energy-saving measures and the development of energy management. Energy efficiency is achieved, for example, by utilising new heating sources such as heat pumps.
- d. Renewable energy deployment: In the field of implementing renewable energy sources, the organisation installs photovoltaic power plants on rooftops and in brownfields. In this way, it contributes to the development of renewable energy sources and the reduction of dependence on fossil fuels.
- e. Others: In the area of procurement, a continuously updated **Catalogue of Responsible Procurement Elements** has been created. The catalogue contains a range of performance requirements divided according to individual commodities, which purchasing personnel are obliged to request. These primarily involve compliance with standards for the supply of goods

(requirements for product certification such as the 'EU Ecolabel', 'Environmentally Friendly Product', 'Blue Angel', 'Nordic Swan', or other equivalent certificates, as well as certifications like FSC (Forest Stewardship Council) or PEFC (Programme for the Endorsement of Forest Certification)). Such requirements are set for cleaning agents, office paper, computer systems and laptops, office supplies, and wooden furniture

deliveries. For catering and dining services, the use of single-use tableware and cutlery is prohibited, and it is recommended to require ecological disposal of biodegradable waste and to request the supply of products from environmentally friendly agriculture or Fair Trade products. In the field of cleaning services, there is always an obligation to sort waste, use concentrated cleaning agents and to ensure the return of packaging materials.

E1-3 – Measures and resources related to policies concerning climate change

ID	AR	Title
E1.MDR-A_01-12	–	Measures and resources related to climate change mitigation and adaptation [ESRS 2 MDR-A]

The organisation has implemented several policies and measures aimed at managing material impacts, risks and opportunities related to climate change mitigation and adaptation—see [E1.MDR-P_01-06](#).

Measures aimed at climate change mitigation and adaptation to climate change are gradually being implemented into internal regulations.

Currently, no specific resources related to climate change are allocated, as it is necessary to establish specific internal information systems and methodologies for this purpose.

ID	AR	Title
E1-3_01	–	Type of decarbonisation lever

The organisation employs several key types of decarbonisation levers aimed at reducing emissions and improving the organisation's environmental profile:

- **Energy Efficiency – Line electrification:** One of the main steps is the electrification of the railway network. It is planned to electrify approximately 1,500 kilometres of lines by 2040.

- **Innovation and Technology – Modernisation of Infrastructure:** Modernisation of existing lines and construction of new ones, including high-speed lines, is another important step. This also includes the use of modern and efficient technologies.
- **Utilisation of renewable energy sources:** Integration of renewable energy sources into railway operations and construction is the next step towards decarbonisation.

- **Shift of freight transport to rail:** Increasing the volume of freight transport by rail instead of less environmentally friendly road transport.
- **Landscape and vegetation modifications:** The investment actions include greening in various forms, such as green roofs, park planting and the planting of solitary trees. The planned HSL projects also incorporate

landscape-forming elements, such as retention basins and ponds.

ID	AR	Title
E1-3_03	–	Achieved GHG emission reduction

The organisation does not directly possess methodologies and information systems suitable for continuously monitoring the achieved GHG emission reduction. In the **Sustainability Strategy** partial goals are set

for the GHG emission reduction to be achieved by 2030.

ID	AR	Title
E1-3_04	–	Expected GHG emission reduction

The organisation does not have a separate document prepared. In the **Sustainability Strategy** specific goals for reducing GHG emissions are outlined. These are as follows:

- Increase the share of renewable energy sources and heat pumps for building heating by 10 %.
- Increase the use of photovoltaic power plant renewable sources for non-traction consumption by 50 %.

- Reduce the specific production of mixed waste by 10 %.
- Within the scope of investment actions, increase the proportion of reused materials and also the proportion of recycled waste in monitored group No. 17 (construction and demolition waste) to 80 %.

ID	AR	Title
E1-3_06	AR 20	Explanation of the relationship between significant CapEx and OpEx required to implement adopted or planned actions to the relevant line items or notes in the Financial Statements

Significant CapEx and OpEx are detailed in the annex to the organisation's Financial Statements. The CapEx and OpEx required for the implementation of adopted or planned actions must first be defined, a methodology established and internal controlling adjusted.

ID	AR	Title
E1-3_07	AR 22	Explanation of the relationship between significant CapEx and OpEx required for the implementation of adopted or planned actions to the key performance indicators mandated under Commission Delegated Regulation (EU) 2021/2178

Significant CapEx and OpEx are detailed in the annex to the organisation's Financial Statements. The CapEx and OpEx required for the implementation of adopted or planned actions necessary to achieve the key performance

indicators mandated by the Commission Delegated Regulation (EU) 2021/2178 must first be defined, a methodology established and internal controlling adjusted.

ID	AR	Title
E1-3_08	AR 20	Explanation of the relationship between significant CapEx and OpEx required for the implementation of actions adopted or planned in relation to the CapEx plan mandated by the Commission Delegated Regulation (EU) 2021/2178

Significant CapEx and OpEx are detailed in the annex to the organisation's Financial Statements. The CapEx and OpEx required for the implementation of adopted or planned actions for the CapEx plan mandated by the Commission Delegated Regulation (EU) 2021/2178 must first be defined, a methodology established and internal controlling adjusted.

ID	AR	Title
E1-3_05	–	Explanation of the extent to which the ability to implement measures depends on the availability and allocation of resources

The availability and allocation of resources are defined by their type. The organisation generally manages two types of resources – subsidy funds and commercial funds. The availability of subsidy funds is based on the state budget or EU funds, which limits them in terms of amount, usability and temporal applicability. Commercial means represent revenues from the use of

railway infrastructure, revenues from the sale of electricity and rental income. The amount of these funds is significantly smaller compared to the volume of subsidy resources; however, their use is not purpose-bound. We assume that the implementation of ESG measures will be considered an eligible expense from the perspective of grant funds.

2.2.4 METRICS AND TARGETS

E1-4 – Targets related to climate change mitigation and adaptation

ID	AR	Title
E1.MDR-T_01-13	–	Monitoring the effectiveness of policies and measures through targets [see ESRS 2 MDR-T]

Measures to achieve strategic objectives are evaluated within the organisation through the corporate action plan quarterly and through the sustainability action plan semi-annually. The effectiveness of other policies and measures is monitored through the relevant action plans.

or voluntary, and their usage rate is recorded and reported. In the case of mandatory measures, it can thus be stated that the aim is to utilise these elements in all purchasing processes to which the requirement applies. In the case of voluntary procedures, the aim is to create a framework for the application of these recommended practices and their use in appropriate situations. In the upcoming period, a revision of these measures is planned, which may lead to changes in practice in this area, including the setting of targets.

In the area of procurement, no specific targets were set, only general ones. Measures adopted based on the **Catalogue of Responsible Procurement Elements** are set as mandatory

ID	AR	Title
E1.MDR-T_14-19	–	Disclosure must be announced if the undertaking has not set any measurable targets

Measurable targets are set in the respective action plans.

ID	AR	Title
E1-4_01	AR 27–29	Disclosure of whether and how GHG emission reduction targets and/or any other targets for managing material impacts, risks, and opportunities related to climate have been established

The organisation has only set partial targets for GHG emission reduction (see [E1-3_04](#)).

Within the scope of construction and modernisation, emission reduction targets are calculated for individual investment actions as part of their economic evaluation.

The goals for reducing GHG emissions in the energy sector and other related targets were established by the **Energy Strategy of the State-owned Organisation Správa Železnic**. The individual objectives are addressed and evaluated in the confidential document **Implementation of the Action Plan of the Energy Strategy**.

ID	AR	Title
E1-4_02	AR 23–24, AR 27–29, AR31	Tables: Multiple dimensions (reference plan year and targets; types of GHG, Scope 3 categories, decarbonisation levers, entity-specific denominators for intensity value)

The organisation has not set specific absolute GHG emission reduction targets, as the goals have not been analysed in the necessary detail. The organisation does not directly possess records and information systems suitable for monitoring the achieved reduction in GHG emissions.

The organisation reports Scope 1 and 2 GHG emissions for the first time for the year 2024.

Scope 3 is expected to be reported for the first time for the year 2025.

Investment actions for line electrification have quantified emission savings potential. These are emissions from the operation of railway transport on the organisation's lines. The values of the total GHG emission reduction are primarily reported by individual carriers.

ID	AR	Title
E1-4_03	–	Absolute value of total GHG emission reduction

Not specified with regard to [E1-4_02](#).

ID	AR	Title
E1-4_04	–	Percentage share of total GHG emission reduction (compared to base year emissions)

Not specified with regard to [E1-4_02](#).

ID	AR	Title
E1-4_05	–	The value of the intensity of total GHG emission reduction

Not specified with regard to [E1-4_02](#).

ID	AR	Title
E1-4_06	–	Absolute reduction value of Scope 1 GHG emissions

Not specified with regard to [E1-4_02](#).

ID	AR	Title
E1-4_07	–	Percentage reduction of Scope 1 GHG emissions (compared to base year emissions)

Not specified with regard to [E1-4_02](#).

ID	AR	Title
E1-4_08	–	Value of Scope 1 GHG emission intensity reduction

Not specified with regard to [E1-4_02](#).

ID	AR	Title
E1-4_09	–	Absolute reduction of Scope 2 GHG emissions (location-based method)

Not specified with regard to [E1-4_02](#).

ID	AR	Title
E1-4_10	–	Percentage reduction in Scope 2 GHG emissions (relative to base year emissions, location-based method)

Not specified with regard to [E1-4_02](#).

ID	AR	Title
E1-4_11	–	The value of the intensity reduction of Scope 2 GHG emissions (location-based method)

Not specified with regard to [E1-4_02](#).

ID	AR	Title
E1-4_12	–	Absolute reduction in Scope 2 GHG emissions (market-based method)

Not specified with regard to [E1-4_02](#).

ID	AR	Title
E1-4_13	–	Percentage reduction in Scope 2 GHG emissions (relative to base year emissions, market-based method)

Not specified with regard to [E1-4_02](#).

ID	AR	Title
E1-4_14	–	The value of the intensity reduction of Scope 2 GHG emissions (market-based method)

Not specified with regard to [E1-4_02](#).

ID	AR	Title
E1-4_15	–	Absolute reduction in Scope 3 GHG emissions based on the market (market-based)

Not specified with regard to [E1-4_02](#).

ID	AR	Title
E1-4_16	–	Percentage reduction in Scope 3 GHG emissions (relative to base year emissions)

Not specified with regard to [E1-4_02](#).

ID	AR	Title
E1-4_17	–	Value of the intensity reduction of Scope 3 GHG emissions

Not specified with regard to [E1-4_02](#).

ID	AR	Title
E1-4_18	–	Explanation of how the alignment of GHG emission reduction targets with inventory boundaries was ensured

Not specified with regard to [E1-4_02](#).

Inventory boundaries have not yet been identified within the organisation.

ID	AR	Title
E1-4_22	AR 26	The target for reducing GHG emissions is science-based and compatible with limiting global warming to one and a half degrees Celsius.

The partial set targets are not directly scientifically substantiated; however, they are compatible with limiting global warming to one and a half degrees Celsius. The goal of reducing GHG is being met in accordance with the **National Action Plan for Clean Mobility 2024**.

ID	AR	Title
E1-4_23	AR 30	Description of the anticipated decarbonisation levers and their overall quantitative contributions to achieving the GHG emission reduction target

Currently, it is not possible to provide a comprehensive quantitative expression of emission reductions in connection with the established decarbonisation levers. Quantification of GHG emission savings and other benefits is, however, possible for individual constructions.

ID	AR	Title
E1-4_20	–	Description of how it was ensured that the baseline value is representative in terms of the covered activities and the influences of external factors

The organisation anticipates that the base reference year will be 2024.

Official data provided by the Czech Hydrometeorological Institute are used in the calculations of climate assessment and CBA for individual investment actions. The data are provided for the reference period.

ID	AR	Title
E1-4_21	–	Description of how the new baseline value affects the new target, its achievement and the presentation of progress over time

For response, see [E1-4_20](#).

ID	AR	Title
E1-4_24	–	Considering a diverse range of climate scenarios to identify relevant developments in the areas of environment, society, technology, market, and policy and to determine decarbonisation levers.

Various climate scenarios will be assessed within the framework of **Climate Risk Analysis**, based on which decarbonisation levers can be refined. This analysis is in progress.

E1-5 – Energy consumption and mix

ID	AR	Title
E1-5_01	AR 35	Total energy consumption related to own operations

The total energy consumption related to own operations is 292,220 MWh.

ID	AR	Title
E1-5_02	AR 33, AR 32	Total consumption of energy from fossil sources

The total consumption of energy from fossil fuels is 206,344 MWh.

ID	AR	Title
E1-5_03	AR 33, AR 32	Total energy consumption from nuclear sources

The total energy consumption from nuclear sources is 72,572 MWh.

ID	AR	Title
E1-5_05	–	Total consumption of renewable energy

The total consumption of renewable energy is 13,303 MWh.

ID	AR	Title
E1-5_06	–	Consumption of renewable energy sources

The consumption of renewable energy sources is 110 MWh.

ID	AR	Title
E1-5_07	–	Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources

Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources is 13,117 MWh.

ID	AR	Title
E1-5_08	–	Consumption of self-produced non-fuel renewable energy

The consumption of self-produced non-fuel renewable energy is 76 MWh.

ID	AR	Title
E1-5_10	AR 33	Fuel consumption from coal and coal products

The consumption of fuel from coal and coal products is 3,537 MWh.

ID	AR	Title
E1-5_11	AR 33	Consumption of crude oil and petroleum products

The consumption of fuel from crude oil and petroleum products is 45,407 MWh.

ID	AR	Title
E1-5_12	AR 33	Natural gas fuel consumption

The fuel consumption from natural gas is 54,980 MWh.

ID	AR	Title
E1-5_13	AR 33	Fuel consumption from other fossil sources

Fuel consumption from other fossil sources is 768 MWh.

ID	AR	Title
E1-5_14	AR 33	Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources

Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources is 101,652 MWh.

ID	AR	Title
E1-5_16	–	Non-renewable energy production

The production of non-renewable energy amounts to 51,053 MWh.

ID	AR	Title
E1-5_17	–	Renewable energy production

The production of renewable energy amounts to 1,935 MWh.

ID	AR	Title
E1-5_18	AR 36	Energy intensity of activities in high climate impact sectors (total energy consumption per net revenue)

The total energy consumption amounted to 292,220 MWh.
The net revenue amounted to CZK 36,179,275,000.
The total energy consumption per net revenue is 0.0000081 MWh/CZK.

ID	AR	Title
E1-5_19	–	Total energy consumption from activities in high climate impact sectors

The total energy consumption amounted to 292,220 MWh.

ID	AR	Title
E1-5_20	–	High climate impact sectors used for determining energy intensity

CZ- NACE 52210 – Activities related to land transport.

ID	AR	Title
E1-5_21	AR 38	Reconciliation of net revenues from activities in high climate impact sectors with the corresponding item or notes in the Financial Statements

The reconciliation of the net revenues from activities in high climate impact sectors with the corresponding item in the Financial Statements could not be performed, as the organisation does not possess the relevant data for 2024.

E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions

ID	AR	Title
E1-6_01	AR 39	Total gross Scopes 1, 2, 3 and Total GHG emissions – GHG emissions by scope

The total gross Scopes 1 and 2 amount to 39,235.1 tonnes of CO₂e. Scope 3 is expected to be reported for the first time for the year 2025.

ID	AR	Title
E1-6_12	AR 47	Total GHG emissions (location-based method)

The total GHG emissions (location-based method) for the year 2024 have not been quantified, considering that Scope 3 is anticipated to be reported for the first time for the year 2025.

ID	AR	Title
E1-6_13	AR 47	Total GHG emissions (market-based method)

The total GHG emissions (market-based method) for the year 2024 have not been quantified, considering that Scope 3 is anticipated to be reported for the first time for the year 2025.

ID	AR	Title
E1-6_14	–	Disclosure of significant changes in the definition of what constitutes a reporting undertaking and its value chain, and explanation of their impact on the year-on-year comparability of reported GHG emissions

For the year 2024, the organisation reports GHG emissions for the first time; therefore, comparability will be addressed in subsequent years.

ID	AR	Title
E1-6_07	AR 43	Gross GHG emissions Scope 1

Gross GHG emissions Scope 1 amount to 24,508 tonnes of CO₂e.

ID	AR	Title
E1-6_08	AR 44	Percentage share of Scope 1 GHG emissions from regulated emissions trading systems (market-based method)

The organisation does not trade GHG emissions within regulated emissions trading systems.

ID	AR	Title
E1-6_09	AR 45, AR 47	Gross GHG emissions Scope 2 (location-based method)

Gross GHG emissions Scope 2 (location-based method) amount to 6,471.4 tonnes CO₂e.

ID	AR	Title
E1-6_10	AR 45, AR 47	Gross GHG emissions Scope 2

Gross GHG emissions Scope 2 amount to 14,727.1 tonnes of CO₂e.

ID	AR	Title
E1-6_02	–	Scope 1, 2, 3 and total GHG emissions – financial and operational control [table]

Does not apply to the organisation.

ID	AR	Title
E1-6_11	AR 46	Gross GHG emissions Scope 3

Scope 3 will be reported by the organisation starting from 2025.

ID	AR	Title
E1-6_30	AR 53	GHG Emission Intensity (location-based method) (total GHG emissions per net revenue)

Not specified with regard to [E1-6_12](#).

ID	AR	Title
E1-6_31	AR 53	GHG Emission Intensity (market-based method) (total GHG emissions per net revenue)

Not specified with regard to [E1-6_13](#).

ID	AR	Title
E1-6_32	–	Disclosure of the reconciliation with the Financial Statements of net revenues used for the calculation of GHG emissions intensity

The reconciliation could not be performed as the organisation does not possess the relevant data for the year 2024.

ID	AR	Title
E1-6_15	–	Disclosure of methodologies, significant assumptions, and emission factors used for the calculation or measurement of GHG emissions

Included sources of GHG emissions

The sources of GHG emissions were categorised into main scopes according to the GHG Protocol standard. Scope 1 includes direct emissions from own sources, while Scope 2 covers indirect emissions associated with energy procurement.

Scope	Category	Procedure
Scope 1	Stationary incineration	The activity data (fuel consumption) was multiplied by the appropriate emission factor.
Scope 1	Mobile incineration	The activity data (fuel consumption) was multiplied by the appropriate emission factor.
Scope 1	Refrigerants and other fugitive emissions	The activity data (amount of refrigerant) were multiplied by the appropriate Global Warming Potential (GWP) only for Kyoto products.
Scope 2	Purchased electricity	The activity data (electricity consumption) were multiplied by the appropriate emission factor for electricity generation in the respective EU country for the location-based method and for the generation of the residual energy mix in the respective EU country for the market-based method.
Scope 2	Purchased heat	The activity data (heat consumption) was multiplied by the appropriate emission factor.

ID	AR	Title
E1-6_17	–	Biogenic CO ₂ emissions from the incineration or biological decomposition of biomass, separate from Scope 1 GHG emissions

In the calculation of the carbon footprint, biogenic emissions of CO₂ were not separated; therefore the value for Scope 1 and 2 amounts to 750.6 tonnes of CO₂e.

ID	AR	Title
E1-6_24	–	Biogenic CO ₂ emissions from the incineration or biological decomposition of biomass, reported separately from Scope 2 GHG emissions

Not specified with regard to [E1-6_17](#).

ID	AR	Title
E1-6_25	–	Percentage share of Scope 3 GHG calculated using primary data

Scope 3 is planned to be reported for the organisation starting from 2025.

ID	AR	Title
E1-6_29	–	Disclosure of the reporting boundaries considered and the calculation methods for estimating Scope 3 GHG emissions

Not specified with regard to [E1-6_25](#).

ID	AR	Title
E1-6_26	–	Disclosure of the reasons for excluding the category of GHG emissions in Scope 3

Not specified with regard to [E1-6_25](#).

ID	AR	Title
E1-6_27	–	List of Scope 3 GHG emission categories included in the inventory

Not specified with regard to [E1-6_25](#).

ID	AR	Title
E1-6_28	–	Biogenic CO ₂ emissions from the incineration or biodegradation of biomass occurring within the value chain and not included in Scope 3 GHG emissions

Not specified with regard to [E1-6_25](#).

E1-9 – Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

ID	AR	Title
E1-9_01	AR 70	Assets with significant physical risk prior to considering climate change adaptation measures

Significant physical risks will be addressed within the framework of the **Climate Risk Analysis**, which will be conducted in 2025.

ID	AR	Title
E1-9_02	AR 70	Assets with significant acute material physical risk prior to considering climate change adaptation measures

Not specified with regard to [E1-9_01](#).

ID	AR	Title
E1-9_03	AR 70	Assets with significant chronic material physical risk prior to considering climate change adaptation measures

Not specified with regard to [E1-9_01](#).

ID	AR	Title
E1-9_04	AR 70	Percentage of assets with significant physical risk before considering climate change adaptation measures

Not specified with regard to [E1-9_01](#).

ID	AR	Title
E1-9_07	–	Percentage of assets at material physical risk addressed by the climate change adaptation actions

Not specified with regard to [E1-9_01](#).

ID	AR	Title
E1-9_05	AR 70	Disclosure of the location of significant assets with material physical risk

Not specified with regard to [E1-9_01](#).

ID	AR	Title
E1-9_08	AR 71	Net revenues from business activities with significant physical risk
E1-9_09	AR 71	Percentage of net revenues from business activities with significant physical risk

Not specified with regard to [E1-9_01](#).

ID	AR	Title
E1-9_14	–	Assets with significant transition risk prior to considering climate change mitigation actions

The Transition Plan will be formulated in the following periods. It will be processed following the **Climate Risk Analysis** and the establishment of national targets for this issue.

ID	AR	Title
E1-9_15	–	The share of assets with significant transition risk prior to considering climate change mitigation measures

Not specified with regard to [E1-9_14](#).

ID	AR	Title
E1-9_16	–	The proportion of assets with material transition risk subject to climate change mitigation measures

Not specified with regard to [E1-9_14](#).

ID	AR	Title
E1-9_17	–	Total accounting value of properties by energy efficiency classes

Table 5 – Total accounting value of properties by energy efficiency classes

Energy Performance Class	Residual Value
A	CZK 0
B	CZK 88,884,511
C	CZK 798,774,765
D	CZK 681,746,482
E	CZK 472,013,063
F	CZK 403,537,504
G	CZK 521,384,493
Total:	CZK 2,966,340,818

ID	AR	Title
E1-9_29	–	Net revenues from business activities with significant transition risk

Not specified with regard to [E1-9_14](#).

ID	AR	Title
E1-9_30	–	Net revenues from customers engaged in coal-related activities
E1-9_31	–	Net income from customers engaged in oil-related activities
E1-9_32	–	Net revenues from customers engaged in gas-related activities
E1-9_33	–	The share of net revenues from customers coal-related activities
E1-9_34	–	The share of net revenues from customers engaged in oil-related activities
E1-9_35	–	The share of net revenues from customers engaged in gas-related activities

The organisation does not trade in coal, oil, or gas; therefore, there are no revenues from these activities.

ID	AR	Title
E1-9_39	–	Disclosure of reconciliation with Financial Statements of significant amounts of assets and net revenues with substantial physical risk

Not specified with regard to [E1-9_14](#).

ID	AR	Title
E1-9_40	–	Disclosure of reconciliation with Financial Statements of significant amounts of assets, liabilities and net revenues with significant transition risk

Not specified with regard to [E1-9_14](#).

ID	AR	Title
E1-9_41	AR 80	Expected cost savings due to climate change mitigation measures

The specific amount of the expected savings is not provided due to [E1-9_14](#).

The organisation is already implementing partial measures for climate change mitigation. As part of the railway modernisation, they are designed to encompass not only ecosystem benefits but also economic ones. An example includes measures for managing rainwater—savings in water costs (water supply) and its disposal (sewage).

Expected cost savings due to climate change adaptation are not reflected positively in investment actions; on the contrary, costs are increasing. Savings will manifest more in the form of reduced risk of investment failure (increased resilience of infrastructure to climate change).

ID	AR	Title
E1-9_42	AR 80	Expected cost savings due to climate change adaptation

The specific amount of the expected savings is not stated due to [E1-9_14](#).

ID	AR	Title
E1-9_43	AR 81	Potential market size for low-carbon products and services or adaptation solutions to which the undertaking has or may have access

The organisation did not conduct a market survey in this regard. By its nature, the organisation offers the most environmentally friendly, low-carbon transportation compared to other

modes of transport, even when carriers do not operate electric trains.

ID	AR	Title
E1-9_44	AR 81	The potential market size or expected changes in net revenue from low-carbon products and services or adaptation solutions to which the undertaking has or may have access

Not specified with regard to [E1-9_43](#).

ID	AR	Title
E1-9_10	–	Disclosure of whether and how the anticipated financial effects on assets and business activities with significant physical risk were assessed

Not specified with regard to [E1-9_14](#). Financial effects can be assessed after conducting the **Climate Risk Analysis** and evaluating the extent, manner and location of the threatened assets.

ID	AR	Title
E1-9_11	–	Disclosure of whether and how the assessment of assets and business activities considered to be exposed to material physical risk depends on, or is part of, the process of determining material physical risk and establishing climate scenarios

Not specified with regard to [E1-9_14](#).

ID	AR	Title	Owner	Commentary
E1-9_06	–	Disclosure of the location of its significant assets exposed to substantial physical risk (broken down by NUTS codes)	O1, O6, O15, O17, O24	See Climate Risk Analysis

Not specified with regard to [E1-9_14](#).

ID	AR	Title
E1-9_18	–	Disclosure of whether and how potential effects on future financial outcomes and position of assets and business activities with significant transition risk have been assessed

Not specified with regard to [E1-9_14](#).

ID	AR	Title
E1-9_19	–	Disclosure of whether and how the assessment of assets and business activities considered to be exposed to significant transition risk relies on the process of identifying significant transition risks and determining scenarios

Not specified with regard to [E1-9_14](#).

ID	AR	Title
E1-9_20	–	Estimated amount of potentially stranded assets
E1-9_21	–	The share of potentially stranded assets in the total assets exposed to significant transition risk

Not specified with regard to [E1-9_14](#).

ID	AR	Title
E1-9_22	–	The total accounting value of properties where energy consumption is based on internal estimates

Not specified with regard to [E1-9_14](#).

2.3 Pollution (ESRS E2)

2.3.1 IMPACT, RISK AND OPPORTUNITY MANAGEMENT

ESRS 2 IRO-1 – Description of the processes to identify and assess material pollution-related impacts, risks and opportunities

ID	AR	Title
E2.IRO-1_01	AR 1–8	Information about the process for identifying actual and potential pollution-related impacts, risks and opportunities

Information about the process for identification is provided in chapter IRO-1 – Description of the processes to identify and assess material pollution-related impacts, risks and opportunities.

As part of the preparations of investment actions, projects are processed according to internal directives and procedures (directive

SŽ SM011 Construction Documentation of Správa Železnic, Státní Organizace, GTC).

An Environment chapter is always included, where the impact on individual components of the environment, including air, water and soil, is assessed. If the project is subject to an Environmental Impact Assessment (EIA), it is also assessed within the EIA process (according to **Act No. 100/2001 Coll.**).

ID	AR	Title
E2.IRO-1_02	–	Disclosure of whether and how consultations were conducted (pollution)

Communication with affected communities, not only in relation to pollution, is detailed in the chapter [Affected communities](#).

Public consultations are conducted for investment projects during the preparation of

constructions, the project approval process and the EIA procedure. Further negotiations are conducted with the relevant authorities in cases of specific conditions.

ID	AR	Title
E2.IRO-1_03	–	Disclosure of the results of the materiality assessment (pollution)

The results of the materiality assessment are included in the internal document **Materiality Assessment of Správa Železnic**.

The assessment of the proposal, in cases of evaluation pursuant to **Act No. 100/2001 Coll.**, is published in the accessible **EIA** information system.

E2-1 – Policies related to pollution

ID	AR	Title
E2.MDR-P_01-06	AR 10	Principles for managing material impacts, risks, and opportunities related to pollution [see ESRS 2 MDR-P]

The organisation possesses the following documents and regulations: **Environmental Concept, SŽ SM079 Control of Undesirable Vegetation** and **SŽ SM103 Addressing Environmental Damage Incidents**. The environmental and social policy of Správa

železnic is being prepared, with publication planned for 2025.

ID	AR	Title
E2.MDR-P_07-09	–	Disclosures to be reported in the event that the undertaking has not adopted the principles

The principles were adopted.

ID	AR	Title
E2-1_01	AR 11	Disclosure of whether and how the policy addresses the mitigation of negative impacts related to air, water and soil pollution

The policies mentioned in section **E2.MDR-P_01-06** address the prevention, reduction and mitigation of negative impacts related to pollution. Directive **SŽ SM079 Control of Undesirable Vegetation** addresses the issue of chemical control (application of glyphosate) by establishing and recommending methods in accordance with applicable legislation of the Czech Republic to prevent, in particular, drift into environmental components and impact on non-target organisms. Furthermore, directive **SŽ SM103 Handling of Environmental Damage Incidents**, establishes rules for emergencies involving the release of harmful substances into the environment and their subsequent remediation in collaboration with environmental protection authorities

and specialized companies to prevent contamination and spread into the surrounding environment.

ID	AR	Title
E2-1_02	AR 11	Disclosure of whether and how the policy addresses the substitution and minimisation of the use of substances of concern, as well as the gradual phasing-out of Substances of Very High Concern (SVHCs)

The organisation, as stipulated in directive **SŽ SM079 Control of Undesirable Vegetation**, prioritises the selective application of glyphosate for controlling unwanted vegetation. Currently, this application is being conducted on 42 % of the total treated areas where maintenance by spraying is required. When using selective spraying, there is a demonstrable reduction in glyphosate consumption by approximately 20 % compared to widespread non-selective application. Selective spraying is a method where herbicide is applied only to areas with weed presence, using detection technology to identify individual plants, rather than applying it uniformly. It is more environmentally friendly,

efficient, economically advantageous, and safer than traditional widespread spraying.

In 2023, the European Commission discussed a comprehensive ban on the use of glyphosate. Under the original conditions, its use was extended by one year, and from the end of 2024, its application will be permitted for an additional 10 years under stricter rules, such as tighter regulation of application rates. The European Commission decided to extend the use of glyphosate primarily due to the lack of alternatives and an absence of confirmed carcinogenicity.

ID	AR	Title
E2-1_03	–	Disclosure of whether and how the policy addresses the prevention of incidents and emergencies, and, if they occur, the control and mitigation of their impact on people and the environment

This is addressed through directive **SŽ SM103 Handling of Environmental Damage Events**. In the event of a release of hazardous substances, a clearly defined process is in place for notifying the relevant environmental protection authorities and designated persons, who then ensure and coordinate subsequent actions.

E2-2 – Measures and resources related to pollution

ID	AR	Title
E2.MDR-A_01-12	–	Measures and resources related to pollution [see ESRS 2 MDR-A]

The organisation has the documents and regulations mentioned in section [E2.MDR-P_01-06](#), which, in relation to addressing pollution, do not require the implementation of additional measures or action plans to be effective.

As part of building modernisation, measures are implemented based on applicable legislation (sectoral environmental laws – **Act No.**

201/2012 Coll., on Air Protection, Act No. 544/2020 Coll., amending Act No. 254/2001 Coll., on Water and Amendments to Certain Acts (the Water Act), as amended, and other relevant acts, Act No. 541/2020 Coll., Waste Act and other related laws), technical standards, and the organisation's internal directives (**SŽ SM096 Directive for Waste Management**).

ID	AR	Title
E2.MDR-A_13-14	–	Disclosure to be notified if the undertaking has not taken measures

The organisation has adopted the measures.

2.3.2 METRICS AND TARGETS

E2-3 – Targets related to pollution

ID	AR	Title
E2.MDR-T_01-13	AR 19	Monitoring the effectiveness of policies and actions through targets [see ESRS 2 MDR-T]

As part of ensuring operational capability, the organisation's long-term goal is to reduce the amount of herbicide (glyphosate) applied during the removal of unwanted vegetation.

From the perspective of railway modernisation, compliance monitoring is conducted throughout the construction phase. The progress of the construction is recorded in

the construction log. Compliance with the conditions is evidenced by **the Final Report of the Construction's Biological Supervision** and **the Final Report of the Construction's Waste Management**.

ID	AR	Title
E2.MDR-T_14-19	–	Disclosures to be announced if the undertaking has not adopted targets

The targets were adopted.

ID	AR	Title
E2-3_01	–	Disclosure of whether and how the target relates to the prevention and control of air pollutants and the associated specific indicators

Design documentation for constructions includes a **Dispersion Study** quantifying the load during both the construction and operational phases. Based on this study, further steps are determined to ensure that air quality limits are not exceeded. In the case of assessing the

project pursuant to **Act No. 100/2001 Coll.**, this study is published as part of the documentation in the EIA information system. The conditions resulting from the **Dispersion Study** are transferred to the **Binding EIA Opinion** and the **Construction Permit**.

ID	AR	Title
E2-3_04	–	Disclosure of whether and how the target relates to the prevention and control of substances of concern and SVHCs

The active ingredient of the herbicide, glyphosate, is classified as a SVHC. The target directly pertains to reducing the quantity of this substance.

The design documentation includes the Emergency Plan containing the relevant information.

ID	AR	Title
E2-3_09	–	The pollution-related target is mandatory (required by legislation) / voluntary

The procedure for preparation and implementation of the construction project is based on applicable legislation. The assessment of the impact of pollution is a mandatory part of the project preparation for constructions, see direc-

tive **SŽ SM011 Construction Documentation of Správa železnic, státní organizace** and GTC.

The target of reducing the amount of applied glyphosate is voluntary.

E2-4 – Pollution of air, water and soil

ID	AR	Title
E2-4_01	AR 21–22	Air, water and soil pollution at the site level or by source type, by sector or geographic area

From the perspective of air, water and soil pollution, the organisation does not record any released substances listed in Appendix II of Regulation (EC) No. 166/2006 of the European Parliament and of the Council.

As part of the railway modernisation, potential substance leaks that occur during construction are addressed according to the **Emergency Plan**. Impacts are remedied and reported to the relevant authority. A record of the event is noted in the construction log. All activities are conducted to prevent potential leaks of hazardous substances.

ID	AR	Title
E2-4_02	AR 21–22	Air emissions by pollutants

The relevant threshold value set out in Appendix II of Regulation (EC) No. 166/2006 was not exceeded for any of the substances released into the air by the organisation's activities.

ID	AR	Title
E2-4_08	–	Description of changes over time (air, water and soil pollution)

Not specified with regard to [E2-4_01](#).

ID	AR	Title
E2-4_09	AR 26–27	Description of measurement methodologies (pollution of air, water and soil)

Not specified with regard to [E2-4_01](#).

ID	AR	Title
E2-4_10	AR 27	Description of the processes for data collection for pollution-related accounting and reporting, including the types of data required and sources of information.

Not specified with regard to [E2-4_01](#).

ID	AR	Title
E2-4_15	–	Disclosure of reasons for choosing a less accurate methodology for emissions quantification

This is not recorded with regard to [E2-4_01](#).

Given the nature of pollution at construction sites, measuring air emissions is practically unfeasible. Compensation measures are usually implemented based on calculations derived from data provided by the Czech

Hydrometeorological Institute. In the event of a spill, pollution of soil and water is measured and recorded. Leaks are remediated in accordance with the Emergency Plan and applicable legislation.

E2-5 – Substances of concern and substances of very high concern

ID	AR	Title
E2-5_01	AR 28–30	Total quantity of substances of concern that are generated or used in production or acquired – categorised by the main hazard classes of substances of concern
E2-5_02		The total quantity of substances of concern that are generated or used in production or acquired
E2-5_03		The total quantity of substances of concern leaving the facility as emissions, as products, or as components of products or services
E2-5_04		The quantity of substances of concern released from installations as emissions, categorised by the main hazard classes of substances of concern
E2-5_05		The quantity of substances of concern leaving the facility as products, categorised by the main hazard classes of substances of concern
E2-5_06		The quantity of substances of concern leaving the facility as part of products, categorised by the main hazard classes of substances of concern
E2-5_07		The quantity of substances of concern leaving the facility as services, categorised by the main hazard classes of substances of concern

As part of its regular operations, the organisation does not handle substances of concern in significant quantities. For instance, when anti-corrosion coatings, which may contain these substances, are applied to

larger structures, everything is managed by an external supplier in compliance with applicable legislation.

ID	AR	Title
E2-5_08	–	Total quantity of SVHCs generated or used in production or acquired, categorised by the main hazard classes of substances of concern

In the case of the organisation, this concerns glyphosate – a substance that causes serious eye damage and is toxic to aquatic organisms with long-term effects. Based on recorded consumption, 58,143 litres were procured in 2024.

ID	AR	Title
E2-5_09	–	The total quantity of SVHCs leaving the installation as emissions, as products, or as components of goods or services, categorised by the main hazard classes of the substances of concern

Glyphosate – a substance that causes serious eye damage and is toxic to aquatic organisms with long-lasting effects. The substance is applied broadly to the tracks within the line or station tracks, covering a width of 5 or 6 meters, or in the form of selective spraying. When mechanically applied over large areas, selective spraying is preferred, while non-selective spraying is used for maintaining visibil-

ity conditions, particularly in manual application. Spraying generally takes place in two stages to ensure the highest level of efficiency. A total of 16,776 km of tracks were treated through surface application, consuming 36,611 litres. The length of tracks treated with selective spraying was 10,951 km, consuming 21,532 litres. A total of 58,143 litres were consumed in 2024.

ID	AR	Title
E2-5_10	–	The quantity of SVHCs leaving the installation as emissions, categorized by the main hazard classes of substances of concern.

Glyphosate – a substance that causes serious eye damage and is toxic to aquatic organisms with long-lasting effects. A total of 58,143 litres were consumed in 2024.

ID	AR	Title
E2-5_11	–	The quantity of SVHCs leaving the installation as products, categorized by the main hazard classes of substances of concern

The organisation, as the operator of the railway infrastructure, does not produce any products.

ID	AR	Title
E2-5_12	–	The quantity of SVHCs leaving the installation as part of products, categorised by the main hazard classes of substances of concern

The organisation, as the operator of the railway infrastructure, does not produce any products.

ID	AR	Title
E2-5_13	–	The quantity of SVHCs leaving the installation as services, categorized by the main hazard classes of substances of concern

The organisation, as the operator of the railway infrastructure, does not provide any services related to the substances in question.

E2-6 – Anticipated financial effects from material pollution-related risks and opportunities

ID	AR	Title
E2-6_01	AR 32, AR 34	Anticipated financial effects of material risks and opportunities arising from impacts and dependencies related to pollution

The anticipated financial effects related to pollution may reach up to CZK 10 million as a one-time cost, based on the penalties stipulated in the relevant legislation.

ID	AR	Title
E2-6_07	–	Disclosure of qualitative information on the anticipated financial effects of material risks and opportunities arising from impacts related to pollution

The financial costs arising from pollution within construction are defined by penalty fines resulting from sectoral laws. They are further defined by the specific conditions of individual constructions – costs for changes in technical solutions, material removal and waste disposal.

ID	AR	Title
E2-6_08	–	Description of the considered effects, related impacts, and time horizons in which they are likely to manifest (pollution)

Pollution within the modernisation section poses a risk during the construction phase. It is always assessed already during the preparation phase of the construction project. Given the implemented preventive measures and pro-

cedures, the occurrence of emergency is rare, even during the operational phase, and any potential environmental pollution is promptly remediated.

ID	AR	Title
E2-6_09	AR 33	Disclosure of critical assumptions used to quantify anticipated financial effects, as well as the sources and degree of uncertainty of these assumptions

The anticipated financial effects cannot be determined due to the nature of emergency events; in section [E2-6_01](#) the organisation states the maximum possible financial effect (penalty) arising from applicable legislation.

ID	AR	Title	Vlastník	Komentář
E2-6_03	–	Percentage of net income from products and services that either contain or are SVHCs	O2, O6, O15, O17	

The organisation does not trade in products or services that are or contain SVHCs.

ID	AR	Title
E2-6_04	AR 31	Operating Expenditure (OpEx) incurred in connection with significant accidents and deposits

The organisation has entered into 2 contracts for addressing emergency spills for a period of 3 years, each amounting to CZK 3 million:

- Provision of geological coordination of works, specifically in the fields of hydrogeology and groundwater remediation, related to addressing the consequences of emergency releases of hazardous substances into the environment and

- Performing technical and technological activities related to the remediation of emergency releases of hazardous substances into the environment, including contaminated materials.

The costs for the year 2024 amounted to CZK 1,610,000.

ID	AR	Title
E2-6_05	AR 31	Capital Expenditure (CapEx) incurred in relation to significant accidents and depositions

The organisation did not report any capital expenditures related to significant accidents and deposits for the year 2024.

ID	AR	Title
E2-6_06	AR 31 a	Provisions for environmental protection and remediation costs (pollution)

The organisation does not directly create accounting provisions for environmental protection and remediation.

in section [E2-6_04](#) CZK 6 million is allocated for addressing serious accidents over 3-year period. Remediation is always decided by the competent water management authority.

However, based on the contracts mentioned

ID	AR	Title
E2-6_10	–	Description of relevant information, including the description of material incidents and deposits whereby pollution negatively impacted the environment and/or had or is expected to have adverse effects on the undertaking's financial cash flows, financial position and financial results

In 2024, the organisation recorded 4 incidents on the operated railway infrastructure that can be classified as more serious. In two instances, due to the fault of the carrier, diesel fuel leaked from the traction vehicle; in one instance, a traction vehicle collided with another vehicle at a crossing; and one case, a theft occurred, resulting in a fuel leak. In each of the aforementioned situations, there was a leakage of a significant amount of fuel, leading to the relevant water authority mandating remediation of the track bed. The sites in question are located in the cadastral territory of the municipalities of Doudleby nad Orlicí, Františkovy Lázně, České Velenice and Česká Lípa.

As part of modernisation, the nature and amount of pollution in the modernised or reconstructed section, particularly where the line is implemented along a new route, can have a material impact on the economics of the project. In case of contamination of the existing track structure, the structure must be excavated as part of its modernisation or reconstruction. The extracted material is, where possible, purified, replenished and returned. The entire process carries increased demands on material handling (increased dust levels, exhaust emissions, etc.) and on the construction's economics.

2.4 Water and marine resources (ESRS E3)

According to the double materiality assessment, no topics from ESRS E3 standard were identified as material.

2.5 Biodiversity and ecosystems (ESRS E4)

According to the double materiality assessment, no topics from the ESRS E4 standard were identified as material.

2.6 Resource use and circular economy (ESRS E5)

2.6.1 IMPACT, RISK AND OPPORTUNITY MANAGEMENT

ESRS 2 IRO-1 – Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

ID	AR	Title
E5.IRO-1_01	AR 1–7	Disclosure of whether the undertaking has screened its assets and activities in order to identify its actual and potential impacts, risks and opportunities in its own operations and its upstream and downstream value chain, and if so, the methodologies, assumptions and tools used in the screening

From the perspective of resource use and circular economy, the procedure is established in Directive **SŽ SM096 Directive for Waste Management**, where the process for recycling and material reuse is defined. This directive is continuously updated in accordance with appli-

cable legislation. Within the project preparation implementation stages of construction, this directive is binding for the contractor as part of the contractual relations.

ID	AR	Title
E5.IRO-1_02	–	Disclosure of whether and how the undertaking conducted consultations (resource use and circular economy)

Direct communication with affected communities is minimal; most interactions occur within the value chain. For example, aggregate is sourced from quarries certified for supplying aggregate, and quarry owners must communicate with affected communities as part of quarry operations.

E5-1 – Policies related to resource use and circular economy

ID	AR	Title
E5.MDR-P_01-06	–	Policies for managing material impacts, risks, and opportunities related to resource use and the circular economy [see ESRS 2 MDR-P]

These details are part of the forthcoming document Environmental and Social Policy of Správa Železnic, further see [E5.IRO-1_01](#).

In the area of procurement, a chapter on responsible procurement was incorporated into the internal directive **SŽ SM053 Public**

Procurement and a continuously updated Catalogue of Responsible Procurement Elements was created. This catalogue containing a set of requirements regarding the environmental and social attributes of the delivered goods and services.

ID	AR	Title
E5.MDR-P_07-08	–	Disclosures to be reported in the event that the undertaking has not adopted policies

The policy has been adopted.

ID	AR	Title
E5-1_01	–	Disclosure of whether and how the policy addresses the transition from the use of primary resources, including the relative increase in the use of secondary (recycled) resources

The organisation is implementing the so-called circular economy system through the gradual incorporation of its principles into internal regulations.

The directive **SŽ SM096 Directive for Waste Management** details how to handle construc-

tion and demolition waste, particularly selected waste from group '17' and reused materials, including recovered resources, with a significant emphasis on their reuse. The requirement for the minimum share of reuse or recycling is 70 %.

ID	AR	Title
E5-1_02	–	Disclosure of whether and how the policy addresses sustainable sourcing and the use of renewable resources

Directive **SŽ SM096 Directive for Waste Management** does not address the methods of extraction and primary acquisition of materials; it focuses on the reuse and recycling of waste, materials and products within the organisation and other entities.

Within the implemented projects, the issue of rainwater utilisation (infiltration, reuse, retention basins) and the use of solar energy is addressed.

E5-2 – Measures and resources related to resource use and circular economy

ID	AR	Title
E5.MDR-A_01-12	–	Measures and resources related to resource use and circular economy [see ESRS 2 MDR-A]

In the area of procurement, a continuously updated **Catalogue of Responsible Procurement Elements** has been created. The catalogue contains a range of performance requirements divided according to individual commodities, which purchasing personnel are obliged to request. In relation to the circular economy, for example, in the field of cleaning

services, there is an obligation to separate waste, as well as an obligation to return packaging materials. No specific resources were allocated in relation to these measures.

Specific measures are also incorporated into the **Environmental Concept**.

ID	AR	Title
E5.MDR-A_13-14	–	Disclosure to be notified if the undertaking has not taken measures

Measures have been taken.

2.6.2 METRICS AND TARGETS

E5-3 – Targets related to resource use and the circular economy

ID	AR	Title
E5.MDR-T_01-13	–	Monitoring the effectiveness of policies and actions through targets [see ESRS 2 MDR-T]

The organisation monitors the effectiveness of policies and actions through a sustainability action plan, which is evaluated on a semi-annual basis.

ID	AR	Title
E5.MDR-T_14-19	–	Disclosures to be announced if the undertaking has not adopted targets

The targets were adopted.

ID	AR	Title
E5-3_01	AR 16	Disclosure of how the target relates to resources (resource use and circular economy)

The sustainability strategy establishes the goal SC 3 for the organisation – Protection of the environment and public health:

- Reduction of the proportion of waste disposed of in landfills by ensuring waste prevention, preparation for reuse, recycling and other forms of utilisation.
- Responsible procurement of goods from sustainable sources.
- Responsible procurement of products from suppliers with implemented sustainability.

Percentage-based targets for this area:

- Reduce the specific production of mixed waste by 10 %.
- Within investment actions, increase the share of reused materials and also the share of recycled waste in the monitored group No. 17 (construction and demolition waste – CDW) to 80 %.

ID	AR	Title
E5-3_02	–	Disclosure of how the target relates to enhancing the circular design of products

The organisation provides services, not products.

ID	AR	Název
E5-3_03	–	Disclosure of how the target relates to increasing the circular material use rate

For response, see [E5-3_01](#).

ID	AR	Title
E5-3_04	AR 17	Disclosure of how the target relates to minimising the consumption of primary raw materials

For response, see [E5-3_01](#).

ID	AR	Title
E5-3_05	–	Disclosure of how the target relates to the acquisition and use of renewable resources

As part of the modernisation and reconstruction of railway infrastructure, measures are being proposed for the utilisation of rainwater and solar energy.

ID	AR	Title
E5-3_06	–	The target concerns waste management

In the Environmental Concept, in connection with the Environmental and Social Policy, defines objectives related to waste management, such as the use of aggregates, recycling of construction and demolition waste, etc.

ID	AR	Title
E5-3_07	–	Disclosure of how the target relates to waste management

The objectives are related to waste management through specifying the scope of chemical analyses to identify waste types and management methods, as well as through efficient handling of construction and demolition waste, etc.

ID	AR	Title
E5-3_08	AR 18	Disclosure of how the target relates to other matters associated with resource use or the circular economy

To the greatest extent possible, reuse aggregate from reconstructed tracks in the rail bed and use recycled materials within construction projects.

ID	AR	Title
E5-3_09	–	The level in the waste hierarchy to which the target applies

The objectives permeate nearly all levels of the waste management hierarchy. They primarily focus on waste prevention, followed by preparation for reuse and recycling. Energy utilisation within the objectives is not considered, as it is not applicable to the organisation's activities.

ID	AR	Title
E5-3_13	AR 20	Disclosure of whether the objectives set and presented by the undertaking are mandatory (based on legal regulations) or voluntary

The objectives set within the sustainability strategy are binding within the organisation and are evaluated on a semi-annual basis.

E5-4 – Resource inflows

ID	AR	Title
E5-4_01	AR 21	Description of material resource inflows

The main financial resources of the organisation are as follows: National and European grants, income from track usage fees, other revenues.

From the perspective of investment construction, these include financial, material and

human resources. Within the modernisation section, individual resources are addressed for specific projects – land acquisitions, infrastructure development and building construction. One of the fundamental material resources is natural aggregate for the railway bed.

ID	AR	Title
E5-4_02	–	The total weight of products and technical and biological materials used during the reporting period

The organisation currently does not maintain precise records of the quantities of materials used; however, partial data (e.g., the weight of materials used) is provided within invoices and summaries of work actually performed.

ID	AR	Title
E5-4_03	AR 23	The percentage of biological materials (and biofuels used for non-energy purposes) utilised in the production of the company's goods and services (including packaging)

Not specified with regard to [E5-4_02](#).

ID	AR	Title
E5-4_04	AR 23	The absolute weight of secondary reused or recycled components, secondary intermediary products and secondary materials used to manufacture products and services (including packaging)

Not specified with regard to [E5-4_02](#).

However, the organisation is optimising the system for the utilisation of secondary raw materials and recyclates.

ID	AR	Title
E5-4_05	AR 23	Percentage share of reused or recycled components, secondary intermediary products and secondary materials used in the production of goods and services

For response, see [E5-4_04](#).

ID	AR	Title
E5-4_06	AR 24	Description of methodologies used for data calculation and key assumptions applied

Not specified with regard to [E5-4_04](#).

E5-5 – Resource outflows

ID	AR	Title
E5-5_08	AR 31	Waste diverted from disposal (diverted from liquidation), categorised into hazardous and non-hazardous waste and further classified by types of usage

The organisation is the originator of the reported waste quantity. Of the total amount of other waste, 47 thousand tonnes of sorted other waste (plastic, paper, glass, metals) suitable for recycling were separated and transferred to the relevant authorised facilities. It

is not possible to specify the types of usage (preparation for reuse, recycling and other methods) due to the transfer of waste to third parties and the current record-keeping situation.

ID	AR	Title
E5-5_09	AR 32	Waste designated for processing, categorised into hazardous and non-hazardous waste, and further classified by type of handling

The organisation is the originator of the reported waste quantity. 9 thousand tonnes of other waste and 7 thousand tonnes of hazardous waste were handed over for processing. It is not possible to specify the

types of processing (incineration, landfilling and other disposal methods) due to the transfer of waste to third parties and the current record-keeping situation.

ID	AR	Title
E5-5_10	–	Non-recycled waste

The total amount of non-recycled waste is 16 thousand tonnes, which constitutes

approximately 25 % of the total amount of waste generated.

ID	AR	Title
E5-5_11	–	Percentage of non-recycled waste

Non-recycled waste constitutes 25 % of the total amount of waste generated.

ID	AR	Title
E5-5_12	–	Disclosure of waste composition

The composition of waste generated by the organisation is listed in the following table according to the waste catalogue:

Table 6 – Waste catalogue

Waste Code	Ctg.	Waste Name
060101	N	Sulfuric acid and sulphurous acid
070299	O	Wastes not otherwise specified
070299	O	Wastes not otherwise specified
080111	N	Waste paints and varnishes containing organic solvents or other hazardous substances
080318	O	Waste printing toner not listed under code 08 03 17
100101	O	Slag, ash and boiler dust (excluding boiler dust specified under code 10 01 04)
101208	O	Waste ceramic goods, bricks, tiles and construction materials (after thermal processing)
130113	N	Other hydraulic oils
130208	N	Other motor, transmission and lubricating oils
130307	N	Mineral non-chlorinated insulating and heat transfer oils
130310	N	Other insulating and heat-transfer oils
130507	N	Oil-contaminated water from oil separators
150101	O	Paper and cardboard packaging
150102	O	Plastic packaging
150104	O	Metal packaging

Waste Code	Ctg.	Waste Name
150105	O	Composite packaging
150106	O	Mixed packaging
150107	O	Glass packaging
150110	N	Packaging containing residues of hazardous substances or packaging contaminated with such substances
150202	N	Absorbent agents, filtering materials (including oil filters not otherwise specified), cleaning cloths and protective clothing contaminated with hazardous substances
160103	O	Tyres
160107	N	Oil filters
160120	O	Glass
160121	N	Hazardous components not listed under numbers 16 01 07 to 16 01 11 and 16 01 13 and 16 01 14
160199	O	Wastes not otherwise specified
160214	O	Discarded equipment not listed under numbers 16 02 09 to 16 02 13
160216	O	Other components removed from discarded equipment not listed under number 16 02 15
160601	N	Lead-acid batteries
160602	N	Nickel-cadmium batteries and accumulators
170101	O	Concrete
170103	O	Bags and ceramic products
170107	O	Mixtures or separate fractions of concrete, bricks, tiles and ceramic products not listed under number 17 01 06
170201	O	Wood
170202	O	Glass

Waste Code	Ctg.	Waste Name
170203	O	Plastics
170204	N	Glass, plastics and wood containing or contaminated with hazardous substances
170301	N	Asphalt mixtures containing tar
170302	O	Asphalt mixtures not specified under number 17 03 01
170401	O	Copper, bronze, brass
170402	O	Aluminium
170404	O	Zinc
170405	O	Iron and steel
170407	O	Mixed metals
170411	O	Cables not listed under number 17 04 10
170507	N	Ballast from railway superstructure containing hazardous substances
170601	N	Insulation material containing asbestos
170603	N	Other insulating materials that are or contain hazardous substances
170604	O	Insulating materials not listed under numbers 17 06 01 and 17 06 03
170605	N	Building materials containing asbestos
170904	O	Mixed construction and demolition waste not listed under numbers 17 09 01, 17 09 02 and 17 09 03
190809	O	A mixture of fats and oils from a grease separator containing only edible oils and edible fats
191201	O	Paper and cardboard
191202	O	Ferrous metals
191204	O	Plastics and rubber

Waste Code	Ctg.	Waste Name
200101	O	Paper and cardboard
200102	O	Glass
200136	O	Discarded electrical and electronic equipment not listed under numbers 20 01 21, 20 01 23, and 20 01 35
200138	O	Wood not listed under code 20 01 37
200139	O	Plastics
200140	O	Metals
200201	O	Biodegradable waste
200301	O	Mixed municipal waste
200307	O	Bulky waste

ID	AR	Title
E5-5_13	–	Disclosure of waste flows relevant to the sector or activities of the undertaking

Within the organisation's activities, waste is generated from administrative operations, general operations, and construction activities carried out using its own resources. A further waste stream is generated from construction project activities and is managed by selected contractors, who are designated as the waste

producers. The organisation requires the submission of the **Final Report on Waste Management of the Construction Project and the Statement on Waste Prevention and Management** (as defined by directive SŽ SM096) as part of the activities ensured by the contractor.

ID	AR	Title
E5-5_14	–	Disclosure of materials present in waste

Within administrative activities and operations, this primarily involves municipal mixed and sorted waste, as well as bulk waste, and also construction and demolition waste. Regarding specific materials, common components include concrete, wood, biomass, bricks, ceramics, asphalt, metals, aggregates, paper, plastics and glass.

ID	AR	Title
E5-5_15	–	Total amount of hazardous waste

The total amount of hazardous waste is 7,376 t.

ID	AR	Title
E5-5_16	–	Total amount of radioactive waste

The organisation does not produce radioactive waste.

ID	AR	Title
E5-5_17	AR 33	Description of methodologies used for data calculation (produced waste)

The organisation records waste within the IS ENVITA system, which enables waste classification according to the waste catalogue group and the specific waste code. Based on the selected filter, it is possible to obtain data on the total amount of specific waste produced.

defines the anticipated scope, quantity and categories of waste. As part of the construction work, the contractor is obligated to prepare and provide the client with a Final Waste Management Report. Its scope is defined by the directive **SŽ SM096 Directive for Waste Management**.

During project construction preparation, a separate chapter on Waste is prepared, which

ID	AR	Title
E5-6_01	AR 36	Disclosure of quantitative information on the anticipated financial effects of material risks and opportunities arising from resource use and impacts related to the circular economy

Currently, these financial costs are not quantified. All is in the process of preparation. In 08/2024, an Economic Analysis of the Possibilities of Using Recycled Aggregate under Conditions of Správa Železnic was prepared, which evaluates only a partial segment of the circular economy – the feasibility of establishing Správa železnic's own

recycling bases for aggregate from smaller-scale projects, where it is not cost-effective to establish recycling bases within the given construction projects. The financial benefits cannot yet be determined, as this is currently a study and the conclusions presented here have not yet been implemented.

ID	AR	Title
E5-6_02	–	Disclosure of qualitative information on the anticipated financial effects of material risks and opportunities arising from resource use and impacts related to the circular economy

Currently, these financial costs are not quantified. All is in the process of preparation. In 08/2024, an Economic Analysis of the Possibilities of Using Recycled Aggregate under Conditions of Správa Železnic was prepared, which evaluates only a partial segment of the circular economy – the feasibility of establishing Správa železnic's

own recycling bases for aggregate from smaller-scale projects, where it is not cost-effective to establish recycling bases within the given construction projects. The financial benefits cannot yet be determined, as this is currently a study and the conclusions presented here have not yet been implemented.

ID	AR	Title
E5-6_03	–	A description of the effects considered, the impacts and dependencies to which they relate and the time horizons in which they are likely to materialise

The organisation has not defined time horizons and financial assumptions, making further description impossible.

ID	AR	Title
E5-6_04	–	The critical assumptions used to quantify the anticipated financial effects , as well as the sources and level of uncertainty of those assumptions

The organisation does not have defined financial assumptions, therefore it is not possible to further specify critical ones.



3 Social information

3.1 Own workforce (ESRS S1)

3.1.1 STRATEGY

ESRS 2 SBM-2 – Interests and views of stakeholders

See chapter: 1. General information: ESRS 2 SBM-2 – Interests and views of stakeholders

ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

ID	AR	Title
S1.SBM-3_01	AR 6–7	The scope of disclosure under ESRS 2 includes all individuals within its own workforce who may be significantly affected by the undertaking.

All employees of the organisation who may be significantly affected were included in the scope of disclosure.

ID	AR	Title
S1.SBM-3_02	–	Description of the types of employees and non-employee individuals within the undertaking's own workforce, on whom its activities have a material impact

The organisation does not have agency workers.

ID	AR	Title
S1.SBM-3_03	–	Occurrence of material negative impacts (own workforce)

The organisation does not have material negative impacts in the area of its own workforce.

ID	AR	Title
S1.SBM-3_04	–	Description of activities leading to positive impacts and types of employees and persons who are not employees within its own workforce who are or could be positively affected

Solutions for workplace safety on the railway infrastructure will contribute to improving the working conditions of operational employees. Continuous efforts are being made to enhance railway safety—flashing lights marking work groups on the line, safety barriers preventing entry into the loading gauge, pilot testing, and gradual implementation of automatic warning systems alerting to the approach of a railway vehicle into a monitored section.

The offer of reduced working hours and shorter working times will enable employment for mothers and fathers caring for a minor child or the elderly. The collective agreement establishes reduced working hours for employees without a reduction in wages. Furthermore, the organisation has allowed employees to arrange shorter working hours, where operational conditions permit. As of 31 December 2024, the organisation enabled 151 employees to agree shorter working hours, of which 59 are men and 92 are women.

The remuneration set as a result of social dialogue and management decisions complies with legal requirements. The Corporate Collective Bargaining Agreement for 2024 ensured that all employees of the organisation received wages in compliance with legal minimum requirements.

Social harmony with trade unions, which advocate for employees' rights, contributes to improving the living standard of employees. The organisation conducts social dialogue with relevant social partners at all levels of management. Currently, 9 trade union headquarters are registered with the organisation. Meetings with the management of trade union headquarters are held at least once a month, and significantly more frequently during collective bargaining periods.

Employee rights in collective bargaining are defended by trade unions in accordance with legal provisions, which improve working conditions and employee remuneration. The Corporate Collective Bargaining Agreement for the year 2024, including two subsequent amendments, has been concluded with all nine trade union headquarters.

The requirement to comply with OHS is an integral part of working conditions. Inspection activities in the area of OHS are conducted on a daily basis. The organisation ensures employees' knowledge in the area of OHS through in-person training, e-learning or OHS inspections.

Ensuring equal conditions among different gender identities fulfils the constitutional

rights of citizens. No gender identities are discriminated against within the organisation.

Establishing and ensuring professional competence and training is one of the prerequisites of the railway operation safety system. Professional competence and

education are established and made accessible to all employees.

Compliance with the **Code of Ethics, Work regulations** and **provisions of GDPR** is continuously monitored and reinforced through e-learning.

ID	AR	Title
S1.SBM-3_05	AR 44	Description of material risks and opportunities arising from impacts and dependencies concerning its own workforce

- The organisation establishes safe working conditions for all persons involved in railway operation and railway transport operations.
- The working hours of employees allow for a sufficient work-life balance.
- Employees receive appropriate remuneration.
- The organisation continuously addresses working conditions of employees and their improvement.
- More than 65 % of the organisation's employees are unionised. Therefore, the voice of trade unions is significantly heard when negotiating individual documents on which they have the right to comment.
- Physical inspections of all workplaces in the organisation are carried out at least once a year. All potential deficiencies are recorded and their remediation is monitored, again in cooperation with trade unions.
- There is no difference in pay conditions based on gender differences.
- The organisation continuously responds to demand and development of new technologies, e.g. training in Building Information Modelling, HSL, European Train Control System, etc.
- The activity of the organisation's compliance officer is one of the aspects preventing potential violence, harassment or discrimination.
- The extremely active involvement of the Data Protection Officer and the ongoing supervision of the processing of personal data prevents potential issues in this area.
- The organisational culture is established by the **Code of Ethics, Strategy of State-owned Organisation Správa Železnic**, and the sub-strategies derived from this strategy.

ID	AR	Title
S1.SBM-3_06	–	Description of the material impacts on the workforce that may arise from transition plans for reducing negative impacts on the environment and achieving greener and climate neutral operations, including information on the impacts on the workforce caused by the undertaking's plans and actions to reduce carbon emissions in line with international agreements

The organisation has not yet developed a transition plan to reduce negative environmental impacts and achieve more sustainable and climate neutral operational activities.

ID	AR	Title
S1.SBM-3_07	–	Information on the type of operations with material risk of forced labour or compulsory labour incidents

The organisation does not engage in activities with material risk of incidents involving forced labour or compulsory labour.

ID	AR	Title
S1.SBM-3_08	–	Information about countries or geographic areas with operations where material risks of forced or compulsory labour cases are anticipated

The organisation does not operate in countries or geographic areas where there is a presumed material risk of forced or compulsory labour cases.

ID	AR	Title
S1.SBM-3_09	–	Information about the type of operations with material risk of child labour incidents

The organisation does not engage in activities with material risk of child labour incidents.

ID	AR	Title
S1.SBM-3_10	–	Information about countries or geographical areas with operations where material risk of child labour cases is anticipated

The organisation does not operate in countries or geographical areas where there is a material risk of child labour cases.

ID	AR	Title
S1.SBM-3_11	AR 8	Disclosure of whether and how the undertaking has determined that individuals with certain characteristics, individuals operating in a specific context, or individuals performing certain activities may be at a higher risk of harm

The organisation does not record any individuals with specific characteristics, individuals performing activities in a certain context, or individuals engaging in specific activities who may be exposed to a higher risk of harm.

ID	AR	Title
S1.SBM-3_12	AR 9	Disclosure of which of its material risks and opportunities arising from impacts and dependencies on people within its own workforce pertain more specifically to particular groups of people

The organisation does not record risks or opportunities related to any specific group of individuals.

3.1.2 IMPACT, RISK AND OPPORTUNITY MANAGEMENT

S1-1 – Policies related to own workforce

ID	AR	Title
S1.MDR-P_01-06	–	Policies for managing material impacts, risks, and opportunities related to own workforce [see ESRS 2 MDR-P]

The organisation does not have a specially issued policy; however, currently, this purpose is sufficiently fulfilled by the **Work Regulations** and the **Code of Ethics**.

ID	AR	Title
S1-1_03	–	Description of the relevant commitments in the area of human rights policy that pertain to the workforce

The organisation has not adopted commitments in the area of human rights policy concerning its own workforce.

ID	AR	Title
S1.MDR-P_07-08	–	Disclosures to be reported in the event that the undertaking has not adopted policies

The organisation adheres to applicable legislation, the internal **Work Regulations** and the **Code of Ethics**.

ID	AR	Title
S1-1_01	–	Policies for managing material impacts, risks, and opportunities related to the workforce, including specific groups within the workforce

Not specified with regard to [S1-1_03](#).

ID	AR	Title
S1-1_04	–	Disclosure of the general approach to the observance of human rights, including labour rights, for individuals within the undertaking's own workforce

For response, see [S1.MDR-P_07-08](#).

ID	AR	Title
S1-1_05	–	Disclosure of the general approach in relation to dealings with individuals in the workforce

For response, see [S1.MDR-P_07-08](#).

ID	AR	Title
S1-1_06	–	Disclosure of the general approach regarding measures to ensure and/or enable remediation of impacts on human rights

Work Regulations and compliance with **Act No. 262/2006 Coll.** do not permit the organisation to discriminate against individuals.

ID	AR	Title
S1-1_07	AR 12	Disclosure of whether and how policies regarding own workforce align with relevant internationally recognised instruments.

Not specified with regard to [S1-1_03](#).

ID	AR	Title
S1-1_08	–	The undertaking shall state whether its policies in relation to its own workforce explicitly address trafficking in human beings, forced or compulsory labour and child labour

Not specified with regard to [S1-1_03](#).

ID	AR	Title
S1-1_09	–	The undertaking shall state whether it has a workplace accident prevention policy or management system

The organisation has issued regulations in the field of OHS (**BP1, BP2, BP3** etc.) for the purpose of preventing workplace injuries and has implemented regular e-learning and

in-person training sessions. Employees working in long-term demanding jobs are provided with recuperative stays in spa facilities.

ID	AR	Title
S1-1_10	–	Specific policies aimed at eliminating discrimination, including harassment and promoting equal opportunities

The organisation does not have a specifically issued policy. The issue is part of the **Rules** and **Ethical Code**.

ID	AR	Title
S1-1_11	AR 15–16	The reasons for discrimination are explicitly stated in the policy

Not specified with regard to [S1-1_10](#).

ID	AR	Title
S1-1_12	–	Disclosure of specific policy commitments concerning inclusion or affirmative actions for individuals from groups particularly at risk of vulnerability in the workforce

Not specified with regard to [S1-1_10](#).

ID	AR	Title
S1-1_13	–	Disclosure of whether and how these policies are implemented through specific procedures to ensure discrimination is prevented, mitigated and acted upon once detected, as well as to advance diversity and inclusion in general

Not specified with regard to [S1-1_10](#).

S1-2 – Processes for engaging with own workers and workers' representatives about impacts

ID	AR	Title
S1-2_01	AR 21, AR 23–24	Disclosure of whether and how aspects of its own workforce are reflected in its decisions or activities aimed at managing actual and potential impacts

In accordance with **Act No. 262/2006 Coll.**, the specified documents and procedures of the employer are continuously discussed and agreed upon.

ID	AR	Title
S1-2_02	–	Disclosure of whether engagement occurs directly with the undertaking's own workforce or workers' representatives

In accordance with **Act No. 262/2006 Coll.**, the Labour Code, employees are represented by trade unions. In 2024, there were 9 trade unions involved

ID	AR	Title
S1-2_03	AR 19	Disclosure of the phase in which the collaboration occurs, the type of collaboration and its frequency

Regular meetings with trade unions are held at all management levels.

ID	AR	Title
S1-2_04	AR 18–19	Disclosure of the function and the most senior role within the undertaking that has operational responsibility for ensuring this engagement happens, and that the results inform the undertaking's approach

High-level meetings are led by the Director General. Collaboration with trade unions is established by the organisational regulations of the Human Resources Department.

Negotiations at the locally competent level are authorised to be conducted by the respective senior employees.

ID	AR	Title
S1-2_05	AR 20	Disclosure of the global framework agreement or other agreements related to the adherence to the human rights of the workforce

The organisation has not concluded a global framework agreement. It complies with applicable legislation, i.e. respects human rights.

ID	AR	Title
S1-2_06	–	Disclosure of how the undertaking evaluates the effectiveness of its collaboration with its own workforce

Cooperation proceeds effectively and no issues have been reported.

ID	AR	Title
S1-2_07	–	Steps taken to gain insight into the perspectives of individuals within the workforce who may be particularly vulnerable to impacts and/or marginalised.

The accessibility of public spaces is continuously being improved, as well as the conditions of areas not accessible to the public. Provision of separate toilets in accordance with legislation is standard.

ID	AR	Title
S1-2_08	–	Disclosure in the event that the undertaking has not adopted a general procedure for engaging its own workforce

All employees of the organisation have the full right to be members of trade unions. Within trade unions, democratic elections of trade union leadership are established, which subsequently negotiate with the representatives of the organisation at all levels of management.

S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns

ID	AR	Title
S1-3_01	AR 27	Disclosure of its general approach to and processes for providing or contributing to remedy where it has caused or contributed to a material negative impact on people in its own workforce, including whether and how the undertaking assesses that the remedy provided is effective

As part of the organisation's commitment to sustainability and responsible conduct, no material negative impacts on individuals within its own workforce have been recorded to date. To ensure this state continues, the following preventive measures and procedures have been implemented:

- Regular training and education: Employees regularly participate in training focused on workplace safety, ethical conduct and adherence to internal policies.
- Internal audits and controls: Regular internal audits and inspections are conducted to ensure compliance with internal policies and to identify potential risks.

- Open communication: Open communication between employees and management is encouraged to quickly identify and address any potential issues.

ID	AR	Title
S1-3_02	AR 28	Disclosure of specific channels for the workforce to communicate its concerns or needs directly to the undertaking and have them addressed

The **Code of Ethics** contains contact information.

ID	AR	Title
S1-3_05	–	Existing mechanisms for addressing complaints or grievances related to employment matters

A submission can be made in the following ways:

- personally with the Compliance Officer;
- by phone at +420 972 235 591 or +420 972 235 445;
- electronically via the email address compliance@spravazeleznice.cz or through the web application **QHLAS**;
- in writing to the postal address Dlážděná 1003/7, 110 00 Prague 1, with the note 'Compliance Officer' on the envelope;
- **Ministry of Justice of the Czech Republic.**

ID	AR	Title
S1-3_06	–	Disclosure of processes through which the undertaking supports or requires the availability of channels

The procedures are published on the organisation's website: **Undesirable Conduct and Combating Corruption.**

ID	AR	Title
S1-3_07	AR 32	Disclosure of how the undertaking tracks and monitors raised and resolved issues and ensures the effectiveness of the channels

Continuous monitoring is carried out, including through internal controls.

ID	AR	Title
S1-3_08	AR 31	Disclosure of whether and how the undertaking shall disclose whether and how it assesses that people in its own workforce are aware of, and trust, these structures or processes as a way to raise their concerns or needs and have them addressed

Knowledge is ensured through mandatory e-learning for employees.

ID	AR	Title
S1-3_09	–	Disclosure of whether the undertaking has policies in place regarding the protection of individuals that use them, including workers' representatives, against retaliation

Policies are listed on the organisation's website: **Undesirable Conduct and Combating Corruption.**

ID	AR	Title
S1-3_10	–	Disclosure of whether policies are in place regarding protection against retaliation for individuals who use channels to express concerns or needs.

The principles are listed on the organisation's website: **Undesirable Conduct and Combating Corruption.**

S1-4 – Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

ID	AR	Title
S1.MDR-A_01-12	–	Action plans and resources for managing material impacts, risks and opportunities related to the workforce [see ESRS 2 – MDR-A]

The organisation is committed to sustainability and responsible management of its workforce. Within the scope of this commitment, the following action plans have been implemented, and the necessary resources allocated:

- Risk Identification and Assessment: Risk assessments are regularly conducted to identify potential material impacts on the workforce. This includes an analysis of the work environment, safety risks and psychosocial factors.
- Preventive measures: Based on the identified risks, preventive measures are implemented, which include employee training, improvement of working conditions and the introduction of safety protocols.
- Monitoring and Evaluation: The effectiveness of measures is regularly monitored, and

evaluations are conducted to ensure that action plans are effective and deliver the expected outcomes. This includes collecting feedback from employees and conducting regular audits.

- Resources and support: Sufficient resources, including financial means and expert personnel, are allocated to support action plans. The organisation ensures that employees have access to the necessary tools and information for the safe and efficient performance of their tasks.
- Continuous improvement: Based on the obtained data and feedback, procedures and measures in this matter are continuously updated and improved. The goal is to continuously enhance the level of safety and satisfaction of employees.

ID	AR	Title
S1.MDR-A_13-14	–	Disclosures to be provided if the undertaking has not taken measures

Measures have been taken.

ID	AR	Název
S1-4_01	AR 42	Description of adopted, planned, or ongoing actions to prevent or mitigate negative impacts on the workforce

- Solutions for occupational safety on the railway infrastructure – this area is continuously monitored, and conditions based on technological improvements lead to increased occupational safety on the transport route.
- Offering reduced working hours and shorter working time – as agreed between the manager and the employee. This is also addressed according to legislation in cases where operational conditions allow.
- Remuneration established as a result of social dialogue and management decisions of the organisation – ensured by the Corporate Collective Bargaining Agreement.
- Social harmony with trade unions defending employee rights – continuous dialogue works towards maintaining social harmony.
- Employee rights in collective bargaining are defended by trade unions in accordance with **Act No. 2/1991 Coll., on Collective Bargaining**.
- OHS is ensured in accordance with Government Regulation No. 361/2007 Coll., which lays down conditions for occupational health protection.
- Ensuring equal conditions between different gender identities is addressed by Czech legislation and the organisation complies with this.
- Determination and ensuring professional competence and training – according to the catalogue of employment, internal and external training and education.
- The organisation's compliance officer oversees compliance with the **Code of Ethics**.
- The Data Protection Officer supervises compliance with **GDPR provisions**.
- Compliance with the **Code of Ethics** and **Working Rules** is continuously monitored through e-learning and is required.

ID	AR	Title
S1-4_02	–	Disclosure of whether and how measures were taken to ensure or enable remediation in connection with the actual material impact

The organisation does not record the necessity for remediation in connection with actual material impacts.

ID	AR	Title
S1-4_03	AR 42	Description of additional initiatives or measures primarily aimed at achieving positive impacts on the workforce

In 2024, a pilot evaluation of employees using the 360° method was initiated with the aim of providing feedback to employees.

ID	AR	Title
S1-4_04	AR 38–39	Description of how the effectiveness of measures and initiatives in achieving outcomes for the own workforce is monitored and evaluated

The fulfilment of the Corporate Collective Bargaining Agreement is being evaluated. At all levels of the organisational structure, regular meetings with social partners are held to address any suggestions from employees and their representatives.

ID	AR	Title
S1-4_05	AR 34	Description of the procedures by which the undertaking identifies the necessary and appropriate actions in response to a specific actual or potential negative impact on its own workforce

In accordance with legal obligations and the provisions of the **Corporate Collective Bargaining Agreement** safety and health protection inspections were conducted at all workplaces.

ID	AR	Title
S1-4_06	AR 44–45, AR 47	Description of planned or ongoing measures to mitigate material risks arising from impacts and dependencies on the workforce and how their effectiveness is monitored

In 2025, we plan to expand the 360° employee evaluation method from a pilot evaluation in three organisational units to all employees with access to the organisation's computing technology.

ID	AR	Title
S1-4_07	–	Description of planned or ongoing actions to leverage significant opportunities related to the workforce

In 2025, a new benefit is included in the Corporate Collective Bargaining Agreement: **Incentive Bonus for Referring a New Employee**. This new benefit should enhance employees' sense of belonging to their employer. Simultaneously, for the year 2025, there is an increase in wage remuneration.

ID	AR	Title
S1-4_08	AR 37	Disclosure of whether and how it is ensured that the undertaking's own practices do not cause or contribute to material negative impacts on the workforce

No internal practices are recorded that cause or contribute to material negative impacts on the workforce.

ID	AR	Title
S1-4_09	–	Disclosure of resources allocated to managing material impacts

Financial or human resources are not specifically allocated.

ID	AR	Title
S1-4_19	–	Information on measures taken to mitigate negative impacts on workers resulting from the transition to a greener, climate neutral economy

The organisation does not yet have a transition plan prepared. However, within the organisation, e-learning is extensively utilised for education. Employees have access to the HR portal environment not only on the organisation's computing equipment but also on their own personal devices.

3.1.3 METRICS AND TARGETS

S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

ID	AR	Title
S1.MDR-T_01-13	AR 50–52	Targets for managing material impacts, risks, and opportunities related to the workforce [see ESRS 2 – MDR-T]

In the context of establishing employment relationships, there are no differences between men and women. The higher proportion of men is due to the nature of the work performed, which often involves physically demanding jobs such as track maintenance, activities of fire protection response units and similar roles.

The objectives within digitalisation are set by both the organisation's strategy and the human resources management strategy.

ID	AR	Title
S1.MDR-T_14-19	–	Disclosures to be provided if the undertaking has not adopted targets

The targets are adopted.

ID	AR	Title
S1-5_01	–	Disclosure of whether and how the workforce or their representatives were directly involved in setting the targets

All measures are discussed with employee representatives – trade unions.

ID	AR	Title
S1-5_02	–	Disclosure of whether and how the own workforce or its representatives were directly involved in monitoring performance in relation to the targets

Addressed during discussions with employee representatives – trade unions.

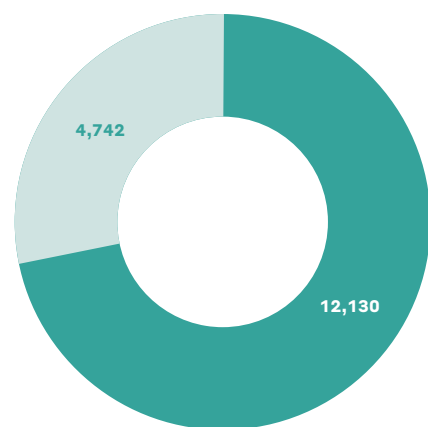
S1-6 – Characteristics of the undertaking's employees

ID	AR	Title
S1-6_01	–	Characteristics of the undertaking's employees – number of employees by gender [table]

Table 7 – Employees of the undertaking

Employees of Správa železnic	Status as of 31/12/2024
registered number of employees of Správa železnic	16,872
male	12,130
percentage share	71.9 %
female	4,742
percentage share	28.1 %

Graph 1 – Employees male/female

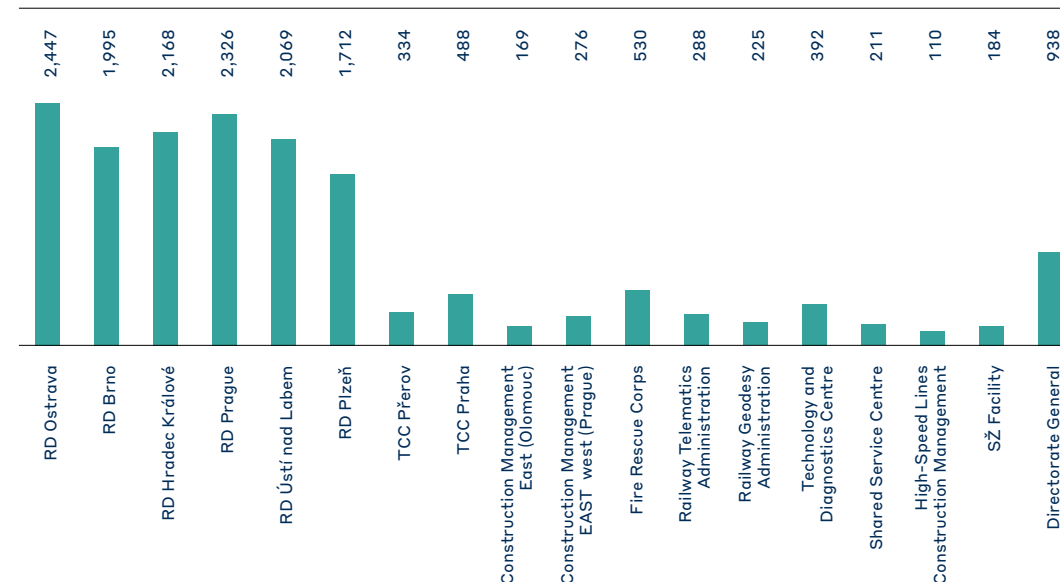


■ male
■ female

ID	AR	Title
S1-6_02	AR 57	Number of employees (head count)

The number of employees in the organisation is 16,872.

Graph 2 – Employees by organisational units



ID	AR	Title
S1-6_03	AR 57	Average number of employees (headcount)

The average number of employees in the organisation is 16,734.

ID	AR	Title
S1-6_04	–	Characteristics of the undertaking's employees – number of employees in countries with 50 or more employees representing at least 10 % of the total number of employees [table]

Employees of the organisation work exclusively in the Czech Republic, except for one employee who works in the United Kingdom.

ID	AR	Title
S1-6_05	AR 57	Total number of employees – breakdowns by gender and by country for countries in which the undertaking has 50 or more employees representing at least 10 % of its total number of employees

We do not provide information in connection with [S1-6_04](#).

ID	AR	Title
S1-6_06	AR 57	Average number of employees – breakdown by gender and by countries where the undertaking has 50 or more employees, representing at least 10 % of the total number of employees

We do not provide information in connection with [S1-6_04](#).

ID	AR	Title
S1-6_07	–	Characteristics of employees of the undertaking – information on employees by type of contract and gender

As of 31 December 2024, a total of 16,066 employees were employed on a permanent basis, of which 11,597 were men and 4,469 were women.

work activity agreements, of which 2,472 were men and 1,138 were women.

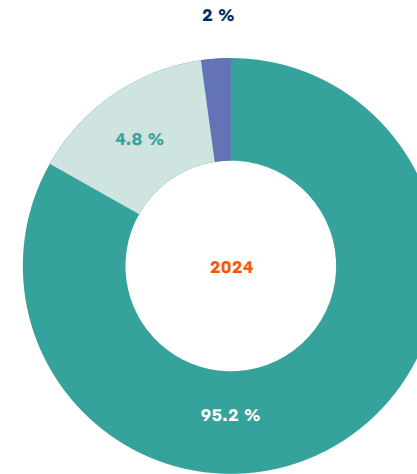
Employees with fixed-term contracts as of 31 December 2024 total 806, comprising 533 men and 273 women.

As of 31 December 2024, 551 employees were employed on a fixed-term work activity agreement, of which 441 were men and 110 were women.

As of 31 December 2024, a total of 3,610 employees were employed on indefinite term

As of 31 December 2024, 89 employees were employed on a work performance agreement, of which 57 were men and 32 were women.

Graph 3 – Type of employment contract



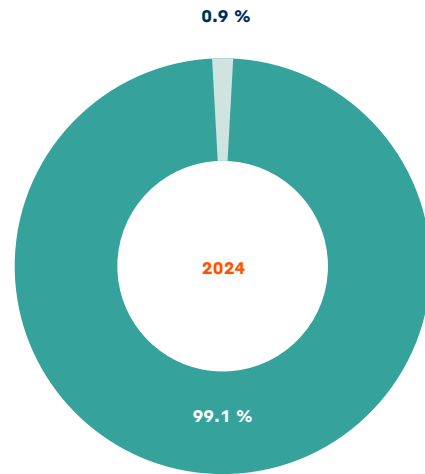
- Definite Work Activity Agreement
- Indefinite Work Activity Agreement
- Work Performance Agreement

ID	AR	Title
S1-6_09	–	Number of employees (number of employees or full-time equivalent) – breakdown by type of contract, gender, and regions

The number of full-time employees as of 31 December 2024 was 16,721, of which 12,071 were men and 4,650 were women.

As of 31 December 2024, only 151 employees worked part-time, of which 59 were men and 92 were women.

Graph 4 – Type of employment



■ Full-time
■ Part-time

ID	AR	Title
S1-6_10	–	Average number of employees (number of employees or full-time equivalent) – breakdown by contract type, gender, and regions

Table 8 – Average number of employees

Region	Gender	Type of employment contract	Sum from Adjusted State
Prague	M	Part-time	11.111
		Full-time	1,659.803
	F	Part-time	17.833
		Full-time	938.849
South Bohemian Region	M	Part-time	2.022
		Full-time	764.414
	F	Part-time	5.645
		Full-time	244.721
South Moravian Region	M	Part-time	7.032
		Full-time	1,134.423
	F	Part-time	1.425
		Full-time	332.803
Karlovy Vary Region	M	Full-time	378.745
	F	Full-time	68.618
Hradec Králové Region	M	Full-time	770.865
		Part-time	2.100
		Full-time	344.961
Liberec Region	M	Part-time	2.216
		Full-time	393.468
	F	Part-time	3.726
		Full-time	139.306

Region	Gender	Type of employment contract	Sum from Adjusted State
Moravian-Silesian Region	M	Part-time	0.500
		Full-time	892.726
	F	Part-time	2.934
		Full-time	358.937
Olomouc Region	M	Part-time	3.217
		Full-time	1,198.496
	F	Part-time	2.754
		Full-time	457.690
Pardubice Region	M	Part-time	3.254
		Full-time	693.179
	F	Part-time	0.750
		Full-time	199.921
Plzeň Region	M	Part-time	4.258
		Full-time	746.652
	F	Part-time	5.317
		Full-time	293.807
Central Bohemian Region	M	Part-time	1.550
		Full-time	1,246.150
	F	Part-time	4.848
		Full-time	482.748
Ústí nad Labem Region	M	Part-time	2.532
		Full-time	1,256.208

Region	Gender	Type of employment contract	Sum from Adjusted State
	F	Part-time	4.695
		Full-time	528.742
Vysočina Region	M	Full-time	561.255
	F	Part-time	2.548
		Full-time	157.618
Zlín Region	M	Full-time	308.729
		F	Part-time
		Full-time	87.142
Total sum			16,733.660

ID	AR	Title
S1-6_11	AR 59	Number of employees who left the undertaking (during the reporting period) – breakdown by contract type, gender, and regions

Table 9 – Number of employees who left the organisation

Region	Gender	Type of employment contract	Count from Personal Number
Prague	M	Part-time	4
		Full-time	133
	F	Part-time	1
		Full-time	90
South Bohemian Region	M	Full-time	44
		F	Part-time
	F	Full-time	12
		Part-time	3
South Moravian Region	M	Part-time	3
		Full-time	63
	F	Part-time	2
		Full-time	13
Karlovy Vary Region	M	Full-time	21
	F	Full-time	4
Královéhradecký	M	Full-time	43
	F	Full-time	18
Liberecký	M	Full-time	24
	F	Full-time	8
Moravskoslezský	M	Full-time	54
	F	Full-time	20

Region	Gender	Type of employment contract	Count from Personal Number
Olomouc Region	M	Part-time	2
		Full-time	62
	F	Full-time	36
		M	Part-time
Pardubice Region	M	Full-time	42
		F	Full-time
	Plzeň Region	M	Part-time
Full-time			40
F		Part-time	2
		Full-time	22
Central Bohemian Region	M	Part-time	2
		Full-time	98
	F	Part-time	1
		Full-time	39
Ústí nad Labem Region	M	Part-time	3
		Full-time	72
	F	Part-time	2
		Full-time	27
Vysočina Region	M	Full-time	36
	F	Full-time	13

Region	Gender	Type of employment contract	Count from Personal Number
Zlín Region	M	Full-time	27
	F	Part-time	1
		Full-time	8
Total sum			1115

ID	AR	Title
S1-6_12	-	Employee turnover rate – breakdown by contract type, gender, and regions

Table 10 – Turnover rate in %

Region	Gender	Type of employment contract	Count from Personal Number
Prague	M	Part-time	0.02 %
		Full-time	0.79 %
	F	Part-time	0.01 %
		Full-time	0.53 %
South Bohemian Region	M	Full-time	0.26 %
		F	Part-time
	Full-time		0.07 %
		South Moravian Region	M
Full-time	0.37 %		
F	Part-time		0.01 %
	Full-time		0.08 %
Karlovy Vary Region	M	Full-time	0.12 %
	F	Full-time	0.02 %
Hradec Králové Region	M	Full-time	0.25 %
	F	Full-time	0.11 %
Liberec Region	M	Full-time	0.14 %
	F	Full-time	0.05 %
Moravian-Silesian Region	M	Full-time	0.32 %
	F	Full-time	0.12 %

Region	Gender	Type of employment contract	Count from Personal Number
Olomouc Region	M	Part-time	0.01 %
		Full-time	0.37 %
	F	Full-time	0.21 %
Pardubice Region	M	Part-time	0.01 %
		Full-time	0.25 %
	F	Full-time	0.09 %
Plzeň Region	M	Part-time	0.02 %
		Full-time	0.24 %
	F	Part-time	0.01 %
		Full-time	0.13 %
Central Bohemian Region	M	Part-time	0.01 %
		Full-time	0.58 %
	F	Part-time	0.01 %
		Full-time	0.23 %
Ústí nad Labem Region	M	Part-time	0.02 %
		Full-time	0.43 %
	F	Part-time	0.01 %
		Full-time	0.16 %
Vysočina Region	M	Full-time	0.21 %
	F	Full-time	0.08 %
Zlín Region	M	Full-time	0.16 %
	F	Part-time	0.01 %
		Full-time	0.05 %
Total sum			6.61 %

ID	AR	Title
S1-6_13	AR 60	Description of methodologies and assumptions used for data compilation (employees)

The personnel records of the organisation comply with Czech legislation. Available data from the SAP information system, HR (Human Resources) module, is utilised.

ID	AR	Title
S1-6_14	–	The number of employees is reported as the number of individuals or in full-time equivalent

The data is presented as the number of individuals.

ID	AR	Title
S1-6_15	–	The number of employees is reported at the end of the reporting period/average/other methodology

The number of employees is reported at the end of the reporting period.

ID	AR	Title
S1-6_16	AR 58	Disclosure of contextual information necessary to understand the data (employees)

It is not necessary to provide additional information to understand the data.

ID	AR	Title
S1-6_17	–	Disclosure of the cross-reference to the information reported under paragraph 50 (a) to the most representative figure in the Financial Statements

The subject information is provided in the organisation's Annual Report in Chapter 5. Employees, executives and statutory bodies, specifically section 5.1 Personnel expenses and number of employees.

S1-7 – Characteristics of non-employees in the undertaking's own workforce

ID	AR	Title
S1-7_01	–	Number of non-employees within the own workforce

The organisation does not employ agency workers.

ID	AR	Title
S1-7_02	–	Number of non-employees within the own workforce – self-employed individuals

Not specified with regard to [S1-7_01](#).

ID	AR	Title
S1-7_03	–	Number of non-employees within the own workforce – individuals provided by the undertaking primarily engaged in 'employment-related activities' (NACE code N78)

Not specified with regard to [S1-7_01](#).

ID	AR	Title
S1-7_06	–	Description of methodologies and assumptions used for data compilation

Not specified with regard to [S1-7_01](#).

ID	AR	Title
S1-7_07	–	The number of non-employees within the own workforce is reported in the number of persons/full-time equivalent

Not specified with regard to [S1-7_01](#).

ID	AR	Title
S1-7_08	–	The number of non-employees within the own workforce is reported at the end of the reporting period/average/other methodology

Not specified with regard to [S1-7_01](#).

ID	AR	Title
S1-7_09	AR 64 – AR 65	Disclosure of contextual information necessary to understand the data

Not specified with regard to [S1-7_01](#).

ID	AR	Title
S1-7_10	AR 63	Description of the basis for preparing the estimated number of non-employees within the workforce

Not specified with regard to [S1-7_01](#).

S1-8 – Collective bargaining coverage and social dialogue

ID	AR	Title
S1-8_01	AR 66	The percentage of all employees covered by collective agreements

100 % of the organisation's employees are covered by a collective agreement.

ID	AR	Title
S1-8_02	–	Percentage of own employees covered by collective agreements – breakdown by countries with a significant number of employees (in the European Economic Area)

100 % of the organisation's employees in the Czech Republic are covered by a collective agreement. In other countries, there is no significant number of employees.

ID	AR	Title
S1-8_03	–	Percentage of employees covered by collective bargaining agreements – by region (outside the European Economic Area)

The organisation does not have a significant number of employees outside the European Economic Area.

ID	AR	Title
S1-8_06	AR 69	Total percentage of employees who are represented by worker representatives –reported at the country level for each EEA country in which the undertaking has significant employment

In countries other than the Czech Republic, the organisation does not have a significant number of employees.

ID	AR	Title
S1-8_07	–	Disclosure of the existence of any agreement with employees regarding representation by the European Works Council (EWC), a Societas Europaea (SE) Works Council, or a Societas Cooperativa Europaea (SCE) Works Council

The organisation does not have this type of agreement.

ID	AR	Title
S1-8_08	–	Own workforce in the region (outside the EEA) covered by collective agreements and social dialogue agreements, by coverage rate and by region

The organisation does not have a significant number of employees outside the European Economic Area.

S1-9 – Diversity metrics

ID	AR	Title
S1-9_01	–	Representation of women and men in the number of employees at the top management level – number of employees

Male: 5; Female: 0.

ID	AR	Title
S1-9_02	–	Representation of women and men in the number of employees at the top management level – as a percentage of employees

Male: 100 %; Female: 0 %.

ID	AR	Title
S1-9_03	–	Distribution of employees (number of employees) under 30 years old

Age	Number of men	Number of women	Total count
0–30	1,149	290	1,439

ID	AR	Název
S1-9_04	–	Distribution of employees (number of employees) aged between 30 and 50 years

Age	Number of men	Number of women	Total count
30–50	4,806	1,692	6,498

ID	AR	Title
S1-9_05	–	Distribution of employees (number of employees) over 50 years old

Age	Number of men	Number of women	Total count
50–99	6,175	2,760	8,935

ID	AR	Title
S1-9_06	–	Disclosure of the entity's definition of top management

The aforementioned top management includes the Director General and the Deputy Director General.

S1-10 – Adequate wages

ID	AR	Title
S1-10_01	AR 72–74	All employees receive an adequate wage in accordance with applicable standards

All employees receive an adequate wage in accordance with applicable standards.

ID	AR	Title
S1-10_02	–	Countries where employees earn below the relevant adequate wage

The response is not provided with regard to [S1-10_01](#).

ID	AR	Title
S1-10_03	–	Percentage of employees earning below the applicable reference value for an adequate wage – breakdown by country

The response is not provided with regard to [S1-10_01](#).

S1-11 – Social protection

ID	AR	Title
S1-11_01	AR 75	All employees within the undertaking's workforce are covered by social protection, either through public programmes or offered benefits against income loss due to illness

Social insurance is covered.

ID	AR	Title
S1-11_02	AR 75	All employees within the undertaking's workforce are covered by social protection through public programmes or offered benefits against income loss due to unemployment starting from the time the own worker begins working for the undertaking

All employees within the undertaking's workforce are covered by social protection through public programmes or offered benefits against

income loss due to unemployment starting from the time the worker is employed by the organisation.

ID	AR	Title
S1-11_03	AR 75	All employees within the organisation's workforce are covered by social protection through public programmes or offered benefits against income loss due to work-related injuries and acquired disabilities

All employees within the organisation's workforce are covered by social protection through public programmes or offered benefits against income loss due to work-related injuries and acquired disabilities.

ID	AR	Title
S1-11_04	AR 75	All employees within the organisation's workforce are covered by social protection, either through public programmes or offered benefits, against income loss due to parental leave.

All employees within the organisation's workforce are covered by social protection, either through public programmes or offered benefits, against income loss due to parental leave.

ID	AR	Title
S1-11_05	AR 75	All employees within the organisation's workforce are covered by social protection through public programmes or offered benefits against income loss due to retirement

All employees within the organisation's workforce are covered by social protection through public programmes or offered benefits against income loss due to retirement.

S1-12 – Persons with disabilities

ID	AR	Title
S1-12_01	–	Percentage of persons with disabilities among employees subject to legal restrictions on data collection

Among the organisation's employees, 1 % are persons with disabilities, subject to legal restrictions regarding data collection.

ID	AR	Title
S1-12_02	–	Percentage of employees with disabilities within the organisation's workforce, composition by gender

Women with disabilities: 0.3 %, men with disabilities: 0.7 %.

ID	AR	Title
S1-12_03	–	Disclosure of contextual information necessary to understand the data and the method by which the data were compiled (persons with disabilities)

A record of employees with disabilities is mandated by legislation, and no further additions are necessary.

S1-13 – Training and skills development metrics

ID	AR	Title
S1-13_01	AR 77	Indicator of training and career development by gender [table]

The organisation currently has data available in the following structure:

E-learning:

- total number of successful completions in 2024: 163,334;
- number of employees who successfully completed at least one training in 2024: 18,823 (men 13,524, women 5,299);
- number of training sessions completed by at least one employee in 2024: 518.

In-person training:

- number of events in 2024: 2,812;
- number of participants at events: 19,347;
- number of unique participants: 8,873 (men 6,771, women 2,102);
- number of training sessions (dates) in campaigns in 2024: 2,816;
- number of participants in campaigns: 41,641;
- number of unique participants: 13,344 (men 9,976, women 3,368);
- number of unique participants in in-person training sessions: 16,373 (men 12,054, women 4,319).

ID	AR	Title
S1-13_02	AR 77	Percentage of employees who participated in regular performance and career development evaluations – by gender

The organisation does not have data available in the required structure.

ID	AR	Title
S1-13_03	AR 78	Average number of training hours – per employee
S1-13_04	AR 78	Average number of training hours per employee and by gender

The organisation does not have data available in the required structure.

S1-14 – Health and safety metrics

ID	AR	Title
S1-14_01	AR 80	The percentage of people in its own workforce who are covered by the undertaking's health and safety management system based on legal requirements and/or recognised standards or guidelines

The Occupational Health and Safety Management System applies to all employees of the organisation.

ID	AR	Title
S1-14_02	AR 82, AR 89–91	Number of fatalities of the undertaking's employees due to work-related injuries and illnesses

For the year 2024, two fatal work-related accidents involving the organisation's employees were recorded.

ID	AR	Title
S1-14_03	AR 82, AR 89–91	The number of fatal injuries resulting from occupational accidents and diseases among other workers employed on the company's construction sites

The relevant data is not available within the organisation.

ID	AR	Title
S1-14_04	AR 89–91	Number of recorded work-related injuries of own employees

In 2024, a total of 475 work-related injuries were recorded.

ID	AR	Title
S1-14_05	AR 89–91	Rate of recorded work-related injuries among own employees

The rate of recorded work-related injuries among own employees, according to the defined formula, is 16.

ID	AR	Title
S1-14_06	–	Number of recordable work-related illnesses

Currently, verification is underway to determine whether the identified illness is related to the performance of the occupation.

ID	AR	Title
S1-14_07	AR 95	The number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health

A total of 6,183 work days were lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health.

ID	AR	Title
S1-14_11	–	Description of basic standards for internal audit or external certification of the Occupational Health and Safety Management System

During 2024, OHS and other inspections were conducted, during which not only were potential risks identified but also deficiencies. Measures and deadlines for remediation were adopted in response to the identified findings.

S1-15 – Work-life balance metrics

ID	AR	Title
S1-15_01	AR 96–97	The percentage of employees entitled to take family-related leave

All employees of the organisation, i.e. 100 %, are entitled to take family-related leave.

ID	AR	Title
S1-15_02	–	Percentage of eligible employees who took family leave

Employees taking family leave in 2024 amount to 170 out of a total of 16,872 employees as of 31 December 2024, i.e. 1 % of the total workforce.

ID	AR	Title
S1-15_03	–	Percentage of eligible employees taking family-related leave – by gender

6 men took leave for family reasons, i.e. 0.03 %, and 164 women, i.e. 0.97 % of the total number of eligible employees.

ID	AR	Title
S1-15_04	–	All employees are entitled to family leave through social policies and/or collective agreements

All employees are entitled to family leave through social policies and collective agreements.

S1-16 – Remuneration metrics (pay gap and total remuneration)

ID	AR	Title
S1-16_01	AR 98–100	Gender pay gap

Information is not available.

ID	AR	Title
S1-16_02	AR 101	The annual total remuneration ratio of the highest paid individual to the median annual total remuneration for all employees (excluding the highest-paid individual)

Information is not available.

ID	AR	Title
S1-16_03	AR 99, AR 102	Disclosure of contextual information necessary to understand the data, the method by which the data was compiled, and other changes to the underlying data that need to be considered

Information is not available.

S1-17 – Incidents, complaints and severe human rights impacts

ID	AR	Title
S1-17_01	AR 103–106	Number of cases of discrimination

During the monitored period, 5 cases of discrimination were reported. All were duly investigated according to the internal methodology, and none were substantiated.

ID	AR	Title
S1-17_03	AR 103–106	Number of complaints submitted through channels allowing individuals from the company's own workforce to raise concerns

In 2024, 5 complaints were submitted through channels available for individuals from the organisation's own workforce to raise concerns.

ID	AR	Title
S1-17_04	AR 103–106	Number of complaints submitted to OECD National Contact Points in cases involving multinational enterprises

The organisation is not a multinational enterprise; therefore, the number of complaints filed with the OECD National Contact Points is 0.

ID	AR	Title
S1-17_05	AR 103–106	The amount of fines, penalties and compensation for damages resulting from cases of discrimination, including harassment and filed complaints.

Not specified with regard to [S1-17_01](#).

ID	AR	Title
S1-17_06	AR 103–106	Information on the alignment of fines, penalties, and compensation for damages resulting from violations of regulations concerning discrimination and harassment in the workplace with the most relevant amount stated in the Financial Statements

Not specified with regard to [S1-17_01](#).

ID	AR	Title
S1-17_07	AR 103–106	Disclosure of contextual information necessary to understand the data and the method by which the data were compiled (complaints, incidents, and complaints related to social and human rights)

The Compliance Officer addresses this according to the **Code of Compliance Programme of Správa Železnic**.

ID	AR	Title
S1-17_08	AR 103–106	Number of severe cases of human rights violations related to the company's workers (during the reporting period)

The organisation does not record any significant cases of human rights violations in relation to its own workforce.

ID	AR	Title
S1-17_09	AR 103–106	Number of serious cases of human rights violations related to enterprise workers (during the reporting period) – cases of non-compliance with the UN general principles and OECD guidelines for multinational enterprises

Not specified with regard to [S1-17_08](#).

ID	AR	Title
S1-17_10	AR 103–106	No significant issues or incidents related to human rights associated with our own workforce have occurred.

Not specified with regard to [S1-17_08](#).

ID	AR	Title
S1-17_11	AR 103–106	The amount of fines, penalties and compensations for serious human rights issues and incidents related to our own workforce

Not specified with regard to [S1-17_08](#).

ID	AR	Title
S1-17_12	AR 103–106	Information on the alignment of the amounts of fines, penalties, and compensation for damages related to serious issues and incidents in the area of human rights associated with the workforce with the most relevant amount stated in the Financial Statements

Not specified with regard to [S1-17_08](#).

3.2 Workers in the value chain (ESRS S2)

3.2.1 STRATEGY

ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

ID	AR	Title
S2.SBM-3_01	AR 6–7	All workers in the value chain who may be significantly affected by the undertaking are included in the scope of disclosure under ESRS 2

In 2024, the organisation could significantly impact workers in the value chain, particularly those employed by suppliers who provide services to the organisation based on bilateral contracts, and to a limited extent, employees of their subcontractors, i.e. entities upstream in the value chain of the enterprise. These are employees primarily in the following areas of the value chain:

- Construction works for the building, repair, and maintenance of railway tracks and their components, including station buildings (workers employed by entities in the upstream value chain of the enterprise, and partially workers who are particularly vulnerable).
- Specific services with a high representation of individuals working for minimum wage –

cleaning services, property security (workers employed by entities in the upstream value chain of the undertaking, and workers who are particularly vulnerable).

- Supplies of selected types of food (workers employed by entities in the upstream value chain of the undertaking, and workers who are particularly vulnerable).

Given that in 2024, the value chain on the suppliers' side had not been mapped according to the individual requested supply down to the suppliers of primary raw materials and materials for individual supplies, it is not possible to provide more precise information on the impacts on employees in the value chain. Similarly, the employees of individual carriers have not yet been thoroughly mapped.

ID	AR	Title
S2.SBM-3_02	–	Description of types of workers in the value chain subject to material impacts

In the context of construction works, this primarily concerns construction workers engaged in building projects, who, in the area of railway construction, are exposed to increased risks associated with carrying out construction on operational railway infrastructure. Partly, it also concerns workers who are disadvantaged in the labour market and are affected by the organisation's programme to support individuals disadvantaged in the labour market.

In the field of specific services with a high representation of individuals working for the minimum wage (cleaning spaces, property security), this includes security personnel (guards) and individuals performing cleaning

tasks in the organisation's premises, who received either the minimum wage or a wage corresponding to the lowest guaranteed wage level for the given category of work according to Government Regulation No. 567/2006 Coll., on Minimum Wage, effective in 2024.

In the field of supply of selected food products, this primarily concerns workers involved in the collection of raw materials, who may be affected by the organisation's requirements for delivery of products from environmentally friendly agriculture or Fair Trade products. The application of these requirements, however, is voluntary.

ID	AR	Title
S2.SBM-3_03	–	Types of workers in the value chain who are subject to material impacts through own operations or via the value chain

The response is part of point [S2.SBM-3_02](#).

ID	AR	Title
S2.SBM-3_04	–	Disclosure of geographic areas at country level or other levels, or commodities for which there is a significant risk of child labour, or of forced labour or compulsory labour, among workers in the undertaking's value chain

The organisation currently does not record suppliers from regions where there is a significant risk of child labour, forced labour, or compulsory labour of workers. The majority of supply deliveries are provided by suppliers based in the European Union, i.e. from regions without significant risk of child labour, forced labour or mandatory labour of workers. However, it cannot be entirely excluded that minor portions of the fulfilment originate from regions where there is a significant risk of child labour, forced labour or compulsory labour of workers (Asia and the Pacific, Latin America,

Sub-Saharan Africa, the Middle East, and North Africa).

Given that in 2024, the value chain on the suppliers' side had not been mapped according to the individual requested supply down to the suppliers of primary raw materials and materials for individual supplies, it is not possible to provide more precise information on the impacts on employees in the value chain.

ID	AR	Title
S2.SBM-3_05	-	Occurrence of material negative impacts (workers in the value chain)

In 2024, the organisation does not record material negative impacts regarding its activities (e.g., child labour or forced labour in specific commodity supply chains in certain countries or regions) or connections to individual incidents (e.g., industrial accidents or oil spills) or specific business relationships.

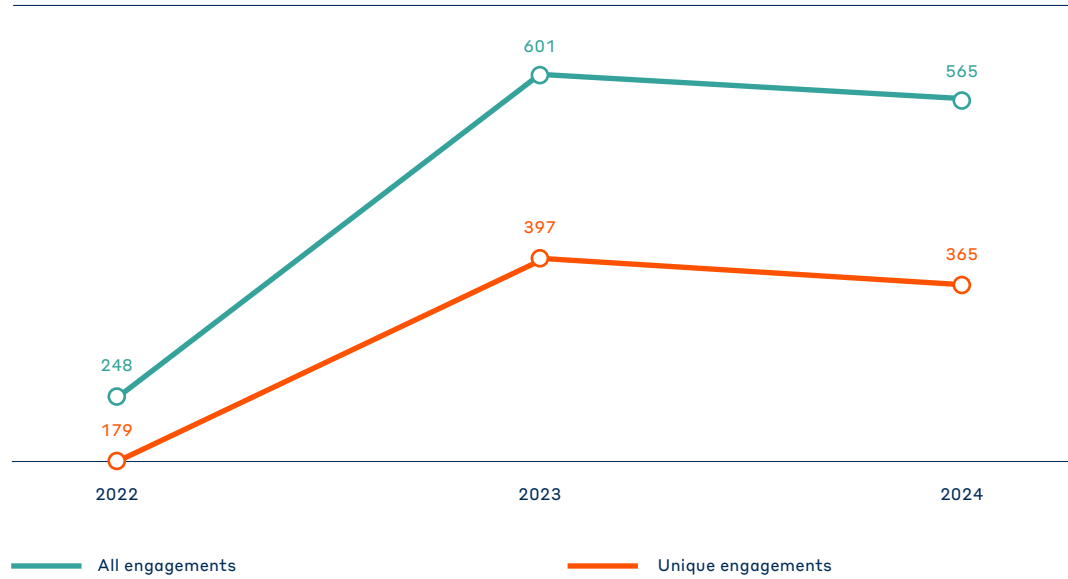
ID	AR	Title
S2.SBM-3_06	-	Description of activities leading to positive impacts and types of workers in the value chain who are or could be positively affected

The organisation is significantly engaged in supporting persons disadvantaged in the labour market. A cornerstone of the current practice of supporting persons disadvantaged in the labour market is taking into account the involvement of these persons in the performance of public procurement contracts when evaluating below-threshold sectoral public contracts for repair and maintenance work. This practice was introduced in November 2021. Within the evaluation of tenders, a bonus is awarded to the supplier who undertakes to involve persons disadvantaged in the labour market to a specified minimum extent in the performance of the public procurement contract.

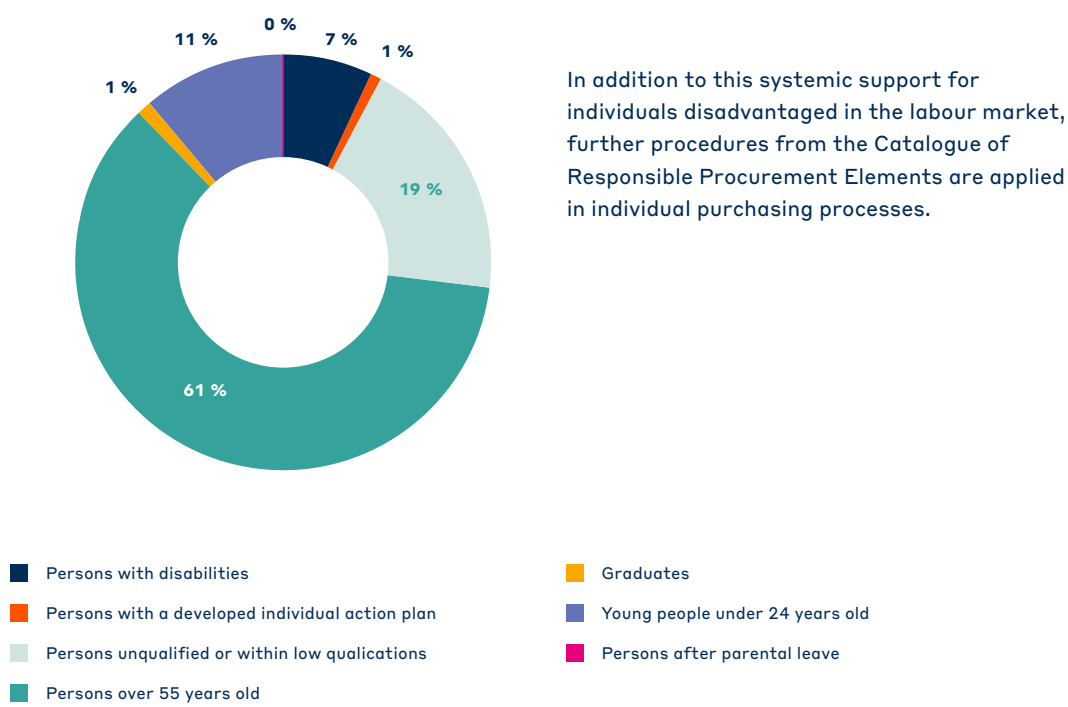
Data for 2024 show that the above strategy continues to be very successful, as during this period suppliers committed in 172 cases to involve disadvantaged persons in the performance of public procurement contracts. In total, there were 565 cases of disadvantaged

persons being involved in the performance of public procurement contracts in 2024, with a total of 365 unique persons being involved. Compared to 2023, the number of persons involved is slightly lower, which corresponds to the lower number of public procurement contracts that were tendered in 2024 by the organisational units applying this procedure. T Persons after parental leave Young people under 24 years old Graduates Persons over 55 years old Persons unqualified or with low qualifications Persons with a developed individual action plan Persons with disabilities 0%; 0; parental leave Persons after 11%; 40; old under 24 years Young people 1%; 3; Graduates 61%; 225; years old Persons over 55 19%; 69; qualifications with low unqualified or Persons 1%; 3; plan individual action developed Persons with a 7%; 25; disabilities Persons with hus, in 2024, the organisation significantly contributed to the integration of persons disadvantaged in the labour market into everyday life.

Graph 5 – Number of engagements of disadvantaged individuals in the labour market



Graph 6 – Representation of target groups



In addition to this systemic support for individuals disadvantaged in the labour market, further procedures from the Catalogue of Responsible Procurement Elements are applied in individual purchasing processes.

Table 11 – Applied elements of responsible procurement

Applied element of responsible procurement	Number of uses in 2024
Compliance with labour law regulations and prohibition of illegal work	333
Support for decent working conditions and occupational safety	307
Evaluation of the number of disadvantaged individuals in the labour market involved in fulfilling public contracts	276
Requirement for the involvement of a specified number of disadvantaged individuals in the labour market in fulfilling the public contract	127
Employee remuneration above the minimum level established by law	105

ID	AR	Title
S2.SBM-3_07	–	Description of significant risks and opportunities arising from impacts and dependencies on workers in the value chain

The shortage of skilled workers in the value chain from an upstream perspective (particularly in the building sector and other technical professions) can significantly impact the organisation's activities, especially regarding the scope of modernisation, repair and maintenance of the railway network in the Czech Republic. For this reason, the organisation is developing a range of activities aimed at increasing the number of qualified workers in the value chain, including, for example, through a programme to support individuals disadvantaged in the labour market. These activities also present additional opportunities for the organisation, as a higher

number of qualified workers in the value chain can be expected to lead to increased competition for the organisation's public procurement contracts, a shift towards evaluating the quality of involved workers and, consequently, higher-quality performance from suppliers.

Among the risks in the value chain from a downstream perspective is the shortage of skilled workers within the value chain, such as train drivers.

ID	AR	Title
S2.SBM-3_08	AR 8	Disclosure of whether and how the undertaking has developed an understanding of how workers with certain characteristics, working in certain contexts or performing certain activities may be exposed to a higher risk of harm

The organisation is the operator of the railway infrastructure and network in the Czech Republic, where one of its main tasks is to modernise and expand the existing railway network and ensure its operability through repairs and maintenance. When working on railway transport infrastructure, there is an increased risk of injury to workers carrying out work on the track, which stems from the fact that work may be performed during railway operation. Therefore, increased safety measures are required with regard to the risk of injury. For this reason, the organisation has adopted a number of safety regulations for work safety, in particular:

- SŽ Bp1 – Instructions from the Railway Operator to Ensure Safety and Protection of Health of Persons during Activities and Movement in its Premises and in the

Premises of the Railway Infrastructure Operated by the State-Owned Organisation, Správa Železnic.

- SŽ Bp2 – Regulation on Occupational Health and Safety of Employees of the State-Owned Organisation, Správa Železnic.
- SŽ Bp3 – Occupational Health and Safety at Construction Sites and During Construction Activities in the Premises of the State-Owned Organisation, Správa Železnic.

These safety regulations are issued for consultation with trade unions operating within the organisation.

The same increased risk of harm applies to the employees of carriers, who also work in the railway environment.

ID	AR	Title
S2.SBM-3_09	AR 9	Disclosures regarding which material risks and opportunities arising from impacts and dependencies on workers in the value chain are impacts on specific groups

The risk of a shortage of skilled workers in the value chain primarily concerns labour and technical professional roles in the construction sector. Opportunities within the Programme for Supporting Disadvantaged Persons in the Labour Market pertain to the following target groups:

Table 12 – Target groups of the programme to support disadvantaged individuals in the labour market

Target Groups	Definition of an individual
Persons with disabilities	A person meeting any of the legal definitions under the provisions of Section 67, paragraphs 2, 3, or 4 of Act No. 435/2004 Coll., on Employment, as amended.
Persons with a developed individual action plan	The person for whom the Regional Branch of the Labour Office prepared, in accordance with the provisions of Section 33 of Act No. 435/2004 Coll., on Employment, as amended, an individual action plan (e.g. a person registered in the job seekers' register continuously for at least 5 months)
Persons unqualified or with low qualifications	A person who has attained at most level 2 education within the CZ-ISCED 2011 system (thus having completed at least: Lower secondary school, grades 1–4 of eight-year, or grades 1–2 of six-year secondary schools)
Persons over 55 years old	A person who has exceeded the age of 55
Graduates	A person without work experience after completing their continuous preparation for a future profession. The supplier determines the field and potential level of education 'tailored' to the subject of the public procurement contract
Young people under 24 years old	A person without work experience who has not yet reached the age of 24
Persons after parental leave	A person who lost their job no later than 6 months after the end of parental leave

3.2.2 IMPACT, RISK AND OPPORTUNITY MANAGEMENT

S2-1 – Policies related to value chain workers

ID	AR	Title
S2.MDR-P_01-06	–	Policies related to managing material impacts, risks, and opportunities associated with workers in the value chain [see ESRS 2 MDR-P]

An internal company regulation for Fulfilling the Obligations of the Railway Infrastructure Operator was implemented in accordance with **Regulations concerning the International Carriage of Dangerous Good by Rail (RID)** into the **Safety Plan of Správa Železnic, Státní Organizace, for the Transport of High-risk Dangerous Goods**. The purpose of this security plan is to establish conditions to minimise the possibility of misuse of high-risk hazardous items for terrorist purposes and the occurrence of emergencies. Local security plans are part of this plan and serve as its specification for local conditions within the defined territorial scope. The safety plan ensures that all activities related to the transport of dangerous goods comply with the applicable RID.

The organisation identifies and assesses risks associated with the transportation of hazardous materials and implements measures to minimise them, including emergency plans and procedures for incidents. The aim is to minimise the negative impacts of transporting hazardous materials on the safety of individuals, property and the environment.

The organisation also implements principles of crisis management and business continuity, which include preparation for crisis situations and incidents through plans and procedures for rapid response, aiming to provide continuous services.

The internal company regulation establishes standards for the physical security of critical infrastructure elements and the workplaces of employees, aiming to ensure their safety and

hinder intruders from accessing key facilities. Security is ensured in publicly accessible areas of railway stations. In cooperation with organisational units, supervisory security workplaces are being established.

In the area of procurement, a chapter on responsible procurement was incorporated into the internal directive **SŽ SM053 Public Procurement** and a continuously updated **Catalogue of Responsible Procurement Elements** was created. This catalogue containing a set of requirements regarding the environmental and social attributes of the delivered goods and services. The catalogue contains a range of performance requirements divided among individual commodities, which purchasing personnel are obliged to request. This primarily concerns:

- Evaluation of the number of disadvantaged individuals in the labour market involved in fulfilling public procurement contracts under the Programme for Supporting Disadvantaged Individuals in the Labour Market (details about the programme and its outcomes are in chapter ESRS 2 SBM-3).
- Requirement for compliance with labour law regulations and prohibition of illegal work
- Support for decent working conditions and occupational safety.
- Requirement for the involvement of a specified number of disadvantaged individuals in the fulfilment of public procurement contracts.

- Remuneration of employees above the minimum level established by law.

ID	AR	Title
S2.MDR-P_07-08	–	Disclosures to be provided in the event that the undertaking has not adopted policies

The organisation has adopted the relevant policies.

ID	AR	Title
S2-1_01	–	Description of relevant human rights commitments concerning workers in the value chain

The organisation's relevant commitments in the field of human rights arise both from the legal regulations of the Czech Republic and from directly applicable legislative acts of the European Union. Beyond the

scope of applicable legislative regulations, the organisation in certain cases requires suppliers to commit to obligations specified in the Catalogue of Responsible Procurement Elements, see [S2.MDR-P_01-06](#).

ID	AR	Title
S2-1_02	–	Disclosure of the general approach to respecting human rights of workers in the value chain

The organisation requires the respect of human rights for workers in the value chain. The majority of the organisation's suppliers are based in the Czech Republic or in one of the member states of the European Union, and therefore must adhere to human rights as

stipulated by legislative regulations. For this reason, the contractual documents in 2024 did not include special provisions for the protection of human rights beyond the obligations established by binding legislative regulations.

ID	AR	Title
S2-1_03	–	Disclosure of the general approach to collaboration with workers in the value chain

The organisation does not have a dedicated platform for collaboration with workers in the value chain; however, it participates in their training and verification of their qualifications by setting requirements for their professional

competence and verifying it according to the internal regulation **SŽ Zam1 Regulation on Professional Competence and Knowledge of Persons in Railway Operation and Railway Transport**.

ID	AR	Title
S2-1_04	–	Disclosure of the general approach to measures ensuring and/or enabling the remediation of impacts on human rights

The requirements for respecting human rights of employees in the value chain are either part of legislative regulations in the Czech Republic and the European Union, or are established as supplier commitments in the contractual documents of the organisation.

ID	AR	Title
S2-1_05	–	The undertaking shall state whether its policies in relation to value chain workers explicitly address trafficking in human beings, forced labour or compulsory labour and child labour

The organisation's policies regarding workers in the value chain do not explicitly address human trafficking, forced labour, compulsory labour or child labour.

ID	AR	Title
S2-1_06	–	The undertaking has a code of conduct for suppliers

The organisation did not adopt a supplier code of conduct in 2024. Work on these policies will commence in 2025.

ID	AR	Title
S2-1_08	AR 14	Disclosure of whether and how policies are aligned with relevant internationally recognised instruments

The organisation's current practices in the field of human rights concerning workers in the value chain do not utilise any internationally recognised tools in [S2-1_09](#), but they comply with the legislative regulations of the Czech Republic and the European Union.

ID	AR	Title
S2-1_09	–	Disclosure of the scope and nature of cases of non-compliance with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises, concerning workers in the value chain

In 2024, no instances of non-compliance with the general principles of the UN in the area of business and human rights, the ILO Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises concerning workers in the value chain were recorded in the preceding and subsequent sections of the value chain.

S2-2 – Processes for engaging with value chain workers about impacts

ID	AR	Title
S2-2_01	AR 20	Disclosure of whether and how the perspectives of workers in the value chain are reflected in decisions or actions aimed at managing actual and potential impacts

In 2024, the perspectives of workers in the value chain were not reflected in decisions or actions aimed at managing actual and potential impacts.

ID	AR	Title
S2-2_02	–	Collaboration occurs directly with workers in the value chain, their legitimate representatives, or credible proxies

In 2024, there was no direct collaboration with workers in the value chain, their legitimate representatives, or credible proxies beyond standard business communication during the provision of services to the organisation.

ID	AR	Title
S2-2_03	AR 18	Disclosure of the phase in which the collaboration occurs, the type of collaboration, and the frequency of collaboration

Not specified with regard to [S2-2_02](#).

ID	AR	Title
S2-2_04	AR 17–18	Disclosure of the function and highest role within the undertaking that holds operational responsibility for ensuring collaboration and that the results inform the undertaking's approach

Not specified with regard to [S2-2_02](#).

ID	AR	Title
S2-2_05	AR 19	Disclosure of the global framework agreement or other agreements concerning the adherence to workers' human rights

The organisation has not entered into any agreements with global union federations related to respect of human rights of workers in the value chain, including their right to bargain collectively, and including an explanation of how the agreement enables the undertaking to gain insight into those workers' perspectives. The organisation concludes

a collective agreement annually with the trade unions operating within Správa železnic.

ID	AR	Title
S2-2_06	–	Disclosure of how the effectiveness of collaboration with workers in the value chain is assessed

Not specified with regard to [S2-2_02](#).

ID	AR	Title
S2-2_07	–	Disclosure of steps taken to gain insight into the views of workers in the value chain who may be particularly vulnerable to impacts and/or marginalised

In 2024, the organisation did not undertake any significant steps to gain insights into the views of workers in the value chain who may be particularly vulnerable to impacts and/or marginalised.

ID	AR	Title
S2-2_08	–	Statement in the event that the undertaking has not adopted a general process for engaging workers in the value chain

Work on adopting a general process for engaging workers in the value chain will commence in 2025.

S2-3 – Processes to remediate negative impacts and channels for value chain workers to raise concerns

ID	AR	Title
S2-3_01	AR 21	Disclosure of the general approach and processes to ensure or contribute to remediation if the undertaking has identified that it is associated with a significant negative impact on workers in the value chain.

The organisation has not yet identified any significant negative impact on workers in the value chain. In the event of such a negative impact, specific steps would be taken following the decision of the organisation's management to mitigate the negative impact within the possibilities allowed by the organisation's resources and the legislative framework of the Czech Republic and the European Union. Steps would be taken by adopting short-term and long-term measures in the form of issuing internal regulations of the organisation

according to the internal regulation **SŽ N1 Creation and Issuance of Internal Regulations and Service Manuals of the State-Owned Organisation, Správa Železnic.**

The areas of undesirable behaviour/anti-corruption measures are addressed by the Compliance Officer according to the **Code of Compliance Programme of Správa Železnic**, which is published on the organisation's website.

ID	AR	Title
S2-3_02	AR 22	Disclosure of specific channels available to workers in the value chain for directly expressing concerns or needs to the undertaking and their resolution

Areas of undesirable behaviour/anti-corruption measures are addressed by the Compliance Officer according to the **Code of Compliance Programme of Správa Železnic**, which is published on the organisation's website and includes options for expressing concerns or needs of workers in the value chain.

ID	AR	Title
S2-3_03	–	Disclosure of processes through which the undertaking supports or requires the availability of channels

For response, see [S2-3_02](#).

ID	AR	Title
S2-3_04	AR 27	Disclosure of how issues raised and addressed are tracked and monitored, and how the effectiveness of channels is ensured

The raised and addressed issues are monitored within the role of the Compliance Officer according to the **Code of Compliance Programme of Správa Železnic**, which is published on the organisation's website.

ID	AR	Title
S2-3_05	AR 26	Disclosure of whether and how it is assessed that workers in the value chain are aware of and trust structures or processes as a means to express their concerns or needs and have them addressed.

Information regarding whether and how it is assessed that workers in the value chain are aware of and trust structures or processes as a means to express their concerns or needs and have them addressed is not yet monitored.

ID	AR	Title
S2-3_06	AR 25	Policies regarding protection against retaliation for individuals who use channels to express concerns or needs are implemented.

Protection against retaliatory measures is addressed in the **Code of Compliance Programme of Správa Železnic**, which is published on the organisation's website.

ID	AR	Title
S2-3_07	–	Statement in case the undertaking has not adopted a channel for expressing concerns

The work on implementing specific channels for expressing concerns specifically for value chain workers will commence in 2025.

S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action

ID	AR	Title
S2.MDR-A_01-12	AR 38	Action plans and resources for managing material impacts, risks, and opportunities related to value chain workers [see ESRS 2 – MDR-A]

The organisation's Action Plan is a confidential document that evaluates measures to achieve the strategic targets of the **Strategy of the State-Owned Organisation, Správa Železnic**,

where this issue is addressed. The resources for its fulfilment are determined by the organisation's financial budget and personnel resources by systematisation.

ID	AR	Title
S2.MDR-A_13-14	–	Disclosures to be provided if the undertaking has not taken measures

The organisation has adopted measures.

ID	AR	Title
S2-4_01	AR 38	Description of planned or ongoing measures to prevent, mitigate, or remedy material negative impacts on value chain workers

The existing measures to prevent or mitigate material negative impacts on value chain workers are outlined in the chapters: **ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with the strat-**

egy and business model and **S2-1 – Policies related to value chain workers**. The organisation plans to review the existing measures and policies related to value chain workers in 2025.

ID	AR	Title
S2-4_02	–	A description of whether and how measures have been taken to provide or enable remedy in relation to a real material impact

For the year 2024, no actual material negative impacts on value chain workers were identified. The existing measures leading to material positive impacts on value chain workers are outlined in the chapters: **ESRS 2 SBM-3 – Material impacts, risks and opportunities**

and their interaction with the strategy and business model and **S2-1 – Policies concerning value chain workers**.

ID	AR	Title
S2-4_03	AR 39	Description of additional initiatives or processes primarily aimed at delivering positive impacts for value chain workers

Initiatives and processes primarily aimed at delivering positive impacts for value chain workers are outlined in chapters: **ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with the strat-**

egy and business model and **S2-1 – Policies concerning value chain workers**.

ID	AR	Title
S2-4_04	AR 33–35	Description of how the effectiveness of measures or initiatives in achieving outcomes for value chain workers is monitored and assessed

The method for monitoring and evaluating the effectiveness of these measures is outlined in chapter ESRS 2 SBM-3, specifically in points **S2.SBM-3_06** and **S2.SBM-3_07**.

ID	AR	Title
S2-4_05	AR 29	Description of processes to identify necessary and appropriate measures in response to a specific actual or potential material negative impact on value chain workers

The organisation has not established a specific methodological process to identify necessary and appropriate measures in response to a specific actual or potential material negative impact on value chain workers. The existing adopted policies and measures were estab-

lished prior to conducting the double materiality assessment, during which potential material negative impacts on value chain workers were identified, based on binding guidelines from the Ministry of Transport regarding responsible procurement.

ID	AR	Title
S2-4_06	–	Description of the approach to adopting measures in relation to specific material negative impacts on value chain workers

Specific measures are implemented through the issuance of internal regulations of the organisation according to the internal regulation SŽ N1 Creation and Issuance of Internal Regulations and Service Manuals

of the State-Owned Organisation, Správa Železnic, or through documents referenced by such adopted internal regulations, e.g. Catalogue of Responsible Procurement Elements.

ID	AR	Title
S2-4_07	–	Description of the approach to ensure that processes for providing or enabling remediation in cases of significant negative impacts on value chain workers are accessible and effective in their implementation and results

The adopted measures and policies are published as internal regulations in the eDAP internal regulations database, and the organisation's employees are assigned a mandatory level of knowledge within them.

Internal regulations with access level A are also available to the public on [websites](#), ensuring the necessary public awareness.

ID	AR	Title
S2-4_08	AR 40–41, AR 43	Description of planned or ongoing measures to mitigate material risks arising from impacts and dependencies on value chain workers and how their effectiveness is monitored

The description of planned and ongoing measures to mitigate material risks arising from impacts and dependencies on value chain workers (including how their effectiveness is monitored) is provided in the chapters

ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with the strategy and business model and **S2-1 – Policies concerning value chain workers.**

ID	AR	Title
S2-4_09	–	Description of planned or ongoing actions to leverage material opportunities related to value chain workers

The existing measures to leverage material opportunities related to value chain workers are detailed in chapters **ESRS 2 SBM-3 – Material impacts, risks and opportunities**

and their interaction with the strategy and business model and **S2-1 – Policies concerning value chain workers.**

ID	AR	Title
S2-4_10	AR 32	Disclosure of whether and how it is ensured that the undertaking's own practices do not cause or contribute to material negative impacts on value chain workers

The organisation operates in compliance with the legislative regulations of the Czech Republic and the European Union. Simultaneously, it possesses a robust foundation of internal regulations governing individual processes and issues within the organisation, with which the organisation's employees are regularly acquainted, and their knowledge of these

regulations is verified through e-learning. The adoption of internal regulations is conducted in accordance with regulation SŽ N1 Creation and Issuance of Internal Regulations and Service Manuals of the State-Owned Organisation, Správa Železnic, and is reviewed by specialised departments across the entire organisation.

ID	AR	Title
S2-4_11	–	Disclosure of material issues and incidents related to human rights in connection with preceding and subsequent parts of the value chain

In 2024, no material issues or incidents related to human rights were reported in connection with the preceding and subsequent segments of the value chain.

ID	AR	Title
S2-4_12	–	Disclosure of resources allocated to managing material impacts

The resources for its fulfilment are determined by the organisation's financial budget and personnel resources by systematisation.

3.2.3 METRICS AND TARGETS

S2-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

ID	AR	Title
S2.MDR-T_01-13	–	Objectives for managing material impacts, risks and opportunities related to value chain workers [see ESRS 2 – MDR-T]

The objectives of the organisation for managing material impacts, risks, and opportunities related to value chain workers are outlined in the documents **Strategy of The State-Owned**

Organisation Správa Železnic and Sustainability Strategy.

ID	AR	Title
S2.MDR-T_14-19	–	Disclosures to be provided if the undertaking has not adopted targets

The organisation has adopted targets.

ID	AR	Title
S2-5_01	–	Disclosure of whether and how value chain workers, their legitimate representatives, or credible proxies were directly involved in setting targets

Value chain workers, nor their legitimate representatives or credible proxies, were involved in the target-setting process. Their involvement,

however, is anticipated in the forthcoming periods.

ID	AR	Title
S2-5_02	–	Disclosure of whether and how value chain workers, their legitimate representatives, or credible proxies were directly involved in monitoring performance in relation to targets

Not specified with regard to [S2-5_01](#).

ID	AR	Title
S2-5_03	–	Disclosure of whether and how value chain workers, their legitimate representatives, or credible proxies were directly involved in identifying lessons or improvements resulting from the undertaking's performance

Not specified with regard to [S2-5_01](#).

3.3 Affected communities (ESRS S3)

3.3.1 STRATEGY

ESRS 2 SBM-2 – Interests and views of stakeholders

See chapter 1. General information: ESRS 2 SBM-2 – Interests and views of stakeholders. .

ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

ID	AR	Title
S3.SBM-3_01	AR 5–6	All affected communities that may be materially impacted by the undertaking are included in the scope of disclosure under ESRS 2

The affected communities that may be materially impacted by the undertaking and are included within the scope of disclosure according to ESRS 2 are particularly:

- residents living near the railway and construction sites;
- businesses or entrepreneurs operating in the vicinity of the railway and construction sites;

- local authorities;
- local communities;
- railway infrastructure users.

Specifically, these groups are particularly affected by planned modernisations and new constructions, as they may be impacted by noise and dust, as well as by operational restrictions during the construction phase.

ID	AR	Title
S3.SBM-3_02	AR 7	Description of the types of affected communities subject to material impacts

The main types of affected communities subject to material impacts are:

- Residents living near the railway and construction sites.
- Businesses or entrepreneurs operating in the vicinity of the railway and construction sites.

- Local authorities affected by the railway transport infrastructure – its operation, modernisation or future construction.
- Local communities interested in activities around the railway infrastructure for various reasons, such as a community of gardeners disturbed by the construction of the track.

ID	AR	Title
S3.SBM-3_03	AR 7	Types of communities subject to material impacts from own operations or through the value chain

Communities materially impacted by the actual operations are not numerous and primarily involve impacts through the value chain. These communities can be both positively and negatively affected by railway operations in various ways:

- Positive where the organisation significantly improves living conditions through its modernisation efforts.
- Negative impacts occur where community members feel disturbed by noise or vibrations from railway transport or are

objectively exposed to excessive levels of noise or vibrations.

- Negative where business owners are affected by the construction or closure of their establishment.

Other potential material impacts include land acquisitions, which are essential for the implementation of modernisation and new railway line constructions; however, the type of impact is individual and depends on the subjective approach of individuals.

ID	AR	Title
S3.SBM-3_04	–	Occurrence of material negative impacts (affected communities)

Preparation of construction projects is prepared in accordance with applicable legislation, and the organisation strives to minimise negative impacts using available technologies. During the investment preparation phase of construction projects, solutions are always proposed to ensure compliance with legal conditions and limits for dust, noise, etc. In the event of a risk of exceeding limits, measures are proposed to eliminate these effects. In the

event that limits are nevertheless exceeded, remediation is undertaken. The impact on the affected communities is thus minimized.

Another negative impact is the restriction of living conditions caused by the acquisition of land necessary for the construction project. In relation to the environment, this is land designated to fulfil forest functions and agricultural land resources.

ID	AR	Title
S3.SBM-3_05	–	Description of activities leading to positive impacts and the types of affected communities that are or could be positively influenced

The organisation focuses on several key activities that have positive impacts on the affected communities. These activities include the construction of new and modernised infrastructure, leading to improved transport accessibility and reduced travel time. It also focuses on implementing noise-protection measures and reducing noise levels within the framework of infrastructure modernisation,

contributing to the improvement of living conditions in the immediate vicinity. As part of railway modernisation, transport efficiency and quality are also being improved.

These activities not only enhance the quality of life for residents in the affected communities but also contribute to the overall development and sustainability of the region.

ID	AR	Title
S3.SBM-3_06	–	Description of material risks and opportunities arising from impacts on and dependencies of the affected communities

Opportunities arise particularly during railway modernisation or the construction of new lines, where the availability of job opportunities in the area may increase, transport capacity may be enhanced, or travel time may be reduced. In the case of prolonged construction activities, there is a risk of disturbing the affected residents for

an extended period. During project preparation, this activity is limited to the necessary duration.

Another material risk is the constrained conditions for the development of infrastructure and transportation related to the densely populated area.

ID	AR	Title
S3.SBM-3_07	–	Disclosure of whether and how the undertaking has developed an understanding of how affected communities with certain characteristics, living in specific contexts, or engaging in particular activities may be at greater risk of harm

During the investment preparation process, construction projects are assessed for their impacts on the environment and public health pursuant to **Act No. 100/2001 Coll.**, as amended (if assessment is required). As part of the assessment process, the evaluation is published in the **EIA** public information system. The assessment is always included in the project documentation for the permit application and is based on directive **SŽ SM011** and the Environment section of the GTC. This includes, for example, an **Acoustic Study, Dispersion Study, Use of Agricultural Land Fund and Land Designated for Forest Function**, evaluation according to the European Water Directive and a climate change assessment.

From the environmental perspective, national legislation specifies hygienic limits for noise and vibrations, considers the specifics of the area, the current level of knowledge and means for reducing noise and vibrations, which are sometimes breached. Simultaneously, the organisation records local issues based on complaints and suggestions from residents. These specific complaints are addressed with the respective affected communities.

During the acquisition of affected land, intensive communication takes place with individual owners, who are duly compensated in accordance with applicable Czech legislation.

ID	AR	Title
S3.SBM-3_08	AR 8	Disclosure of which material risks and opportunities arising from impacts and dependencies on affected communities are impacts on specific groups

No material impacts on specific groups were identified.

3.3.2 IMPACT, RISK AND OPPORTUNITY MANAGEMENT

S3-1 – Policies related to affected communities

ID	AR	Title
S3.MDR-P_01-06	–	Policies related to managing material impacts, risks and opportunities related to affected communities [see ESRS 2 MDR-P]

In accordance with the social dimension of the **Sustainability Strategy**, whose key component is safety, we proceed according to the approved policies on barrier-free stations, enhancing the safety of level crossings, and the new, more prominent method of numbering railway crossings. Within the transport sector, there exists a historically well-functioning cooperation, whose further development was confirmed in 2023 by the signing of a joint **Memorandum of Cooperation on Railway Accident Prevention**, on the basis of which we collaborate on safety campaigns with Czech Railways and the Railway Authority under the auspices of the Ministry of Transport of the Czech Republic.

Furthermore, an internal regulation for Fulfilling the **Obligations of the Railway Infrastructure Operator** according to the **Regulation concerning the International Carriage of Dangerous Goods by Rail** is implemented into the **Safety Plan of Správa železnic, státní organizace for the Transport of High-risk Dangerous Goods**. The purpose of this safety plan is to establish conditions to

minimise the possibility of misuse of high-risk hazardous materials for terrorist purposes and the occurrence of emergencies (accidents and incidents) related to the transportation of dangerous goods. The subsequent documents to the Safety Plan of Správa Železnic, Státní Organizace, are local safety plans, which serve as its specification for local conditions within the defined territorial jurisdiction. The safety plan ensures that all activities related to the transportation of hazardous materials comply with the applicable Regulations Concerning the International Carriage of Dangerous Goods by Rail (RID). The organisation identifies and assesses risks associated with the transportation of hazardous materials and implements measures to minimise them, including emergency plans and procedures for emergencies. The aim is to minimise the negative impacts of transporting hazardous materials on the safety of individuals, property and the environment.

Based on the internal policy for occupying premises, there is also cooperation with the

Police of the Czech Republic – the placement of police stations in station buildings, which improves security in the vicinity of the station. Furthermore, we are guided by the **Concept for Handling Real Estate at Passenger Stations**, which excludes letting premises for purposes such as casinos or the placement of tobacco vending machines.

Environmental issues, which also address the area of noise and vibrations, are dealt with in the forthcoming **Environmental and Social Policy of Správa Železnic** and the **Environmental Concept**. The internal policy is based on fulfilling the commitments defined in the **EU Action Plan 'Towards Zero Pollution for Air, Water and Soil'** and addresses all individuals who feel disturbed by noise or vibrations from railway transport, or who are objectively exposed to levels of noise or vibrations exceeding allowed limits.

ID	AR	Title
S3.MDR-P_07-08	–	Disclosures to be provided in the event that the undertaking has not adopted policies

Policies are adopted.

ID	AR	Title
S3-1_02	–	Description of relevant human rights commitments concerning affected communities

The assurance of human rights is enshrined in national legislation, which the organisation adheres to. The fundamental rights of every individual to the protection of their life, liberty and security are a key principle, ensuring that every person has the right to live free from threats to their life or freedom. In the area of safety, the organisation focuses on ensuring that all our employees and clients not only are safe but feel safe. The procedures

The preparation of construction projects is based on applicable European and national laws and internal procedures:

- Public Health: **Act No. 258/2000 Coll., on the Protection of Public Health, Government Regulation No. 272/2011 Coll., on the Protection of Health Against Adverse Effects of Noise and Vibrations, Act No. 201/2012 Coll., on Air Protection;**
- Waste: **Act No. 541/2020 Coll., on Waste, Decree No. 273/2021 Coll., on Details of Waste Management, SŽ SM096 Directive for Waste Management;**
- Environmental Impact Assessment: Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011, on the Assessment of the Effects of Certain Public and Private Projects on the Environment, Act No. 100/2001 Coll., on the Environmental Impact Assessment.

and measures are designed to protect the fundamental rights of every individual and to provide a safe and stable environment.

Throughout the organisation's activities, we communicate with the public through channels that comply with accessibility standards, ensuring information is easily accessible to people with disabilities.

ID	AR	Title
S3-1_04	–	Disclosure of the general approach to cooperation with affected communities

Cooperation with persons with reduced mobility or orientation is ensured through regular professional consultations with organisations representing these individuals.

in communication (with relevant communities and local municipalities), and subsequent incorporation of their input into the preparation and implementation of construction projects.

As part of external communication, cooperation is ongoing with communities affected by the operation of railway infrastructure and the subsequent assessment of living conditions in the given area. In the context of construction activities, there is also intensified cooperation

Access to the established safety measures according to the **Regulations concerning the International Carriage of Dangerous Goods by Rail (RID)** is restricted to carriers and relevant organisational employees.

ID	AR	Title
S3-1_05	–	Disclosure of the general approach to measures ensuring and/or enabling the remediation of impacts on human rights

Human rights are not at risk, as their protection is ensured by adherence to national legislation.

the **Regulations concerning the International Carriage of Dangerous Goods by Rail**. This directive is intended exclusively for the purposes of transporting dangerous goods and high-risk dangerous goods in the operation of railways or rail transport on lines operated by the organisation.

The general approach is outlined in directive **SŽ SM112 Fulfilling the Obligations of the Railway Infrastructure Operator** according to

ID	AR	Title
S3-1_06	AR 10	Disclosure of whether and how policies are aligned with relevant internationally recognised standards

Generally, all internationally recognised standards are gradually being incorporated into national legislation and subsequently into the organisation's internal regulations.

management of environmental noise and the **the EU Action Plan 'Towards Zero Pollution for Air, Water and Soil'**.

Part of the organisation's **Environmental and Social Policy** is a statement on noise reduction based on the results of the **Strategic Noise Mapping**, which aligns with EU Directive 2002/49/EC **relating to the assessment and**

ID	AR	Title
S3-1_07	–	Disclosure of the extent and nature of cases of non-compliance with the general principles of the UN in the field of business and human rights, the ILO Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises concerning affected communities

There were no instances of non-compliance with the general principles of the UN in the field of business and human rights, the ILO Declaration on Fundamental Principles and

Rights at Work, or the OECD Guidelines for Multinational Enterprises concerning affected communities.

S3-2 – Processes for engaging with affected communities about impacts

ID	AR	Title
S3-2_01	AR 16	Disclosure of whether and how the perspectives of affected communities are reflected in decisions or actions aimed at managing actual and potential impacts

Using GIS portals, which the organisation employs to collect public feedback on significant projects, the organisation typically provides specific responses to individual suggestions within 30 days. If the public submits a suggestion to the customer service department, the suggestion is forwarded to the relevant department or organisational unit for processing. Responses are sent to the inquirer via email within 30 days of receiving the inquiry or suggestion, and the relevant department is responsible for addressing any unsatisfactory conditions. The organisation provides detailed information about the individual steps in project preparation, including the progress and outcomes of public dialogue, through media and social networks.

As part of the modernisation process, discussions take place for individual constructions. The conditions and incentives arising from discussions with citizens, local communities, and relevant authorities serve as a basis for further project development. An integral part of railway infrastructure construction is the issue of noise and vibrations, within which noise-protection measures are proposed.

The perspectives of affected communities are not reflected in decisions or actions related to the transportation of hazardous materials.

ID	AR	Title
S3-2_02	–	Collaboration is conducted directly with the affected communities or their legitimate representatives, or with credible proxies

Collaboration takes place directly with the affected communities during public consultations in the respective locations. Simultaneously, the organisation has been working long-term with community representatives, such as local governments and front groups. Non-targeted contributions from the general public on social media are also monitored and analysed.

As part of the modernisation process, discussions take place for individual constructions. The conditions and incentives

arising from discussions with citizens, local communities, and relevant authorities serve as a basis for further project development.

For the area of dangerous goods transportation, the organisation collaborates with relevant authorities, certain major freight carriers, and the Association of Safety Advisors and Experts, z. s., during consultations on the implementation of changes in RID.

ID	AR	Title
S3-2_03	AR 15	Disclosure of the phase in which the collaboration occurs, the type of collaboration, and the frequency of collaboration

Both the general public and their legitimate representatives are informed about the opportunity to participate in project preparation. The dates of public consultations are also published in advance in the media and on social networks. During the implementation of projects, the organisation remains in close contact with the local government to ensure the smooth progress of discussions and construction, as well as to minimise negative impacts on the surroundings. Even after the completion of implementation, collaboration may continue in specific cases, for instance, in the development of civic amenities near railway infrastructure. Some projects are joint initiatives of local governments and the organisation from the outset.

Generally, discussions take place during the project preparation phase of construction, and in individual cases, also during the construction phase. The frequency and type of collaboration are individual and depend on the nature of the construction. The frequency of dialogues depends on the duration of preparation and implementation, as well as the scope and complexity of the planned project. These primarily include inquiries, complaints, and suggestions, which are duly assessed and incorporated into the design documentation or addressed during the implementation phase.

Cooperation in the field of the transport of dangerous goods occurs during the phase of preparing the implementation of RID amendments.

ID	AR	Title
S3-2_04	AR 14–15	Disclosure of the function and highest role within the undertaking that holds operational responsibility for ensuring collaboration and that the results inform the undertaking's approach

Collaboration with the affected public during the preparation and implementation of the project is ensured by the preparer of the construction administration and the construction manager. Suggestions falling under the remit of operational functionality in the field of the environment are addressed by the Environmental Unit and are recorded

and published through the Communication Department.

For the area of dangerous goods transportation, the ultimate responsibility lies with the Director General, while the partial responsibility for preparedness according to RID rests with the RID Safety Advisor.

ID	AR	Title
S3-2_05	–	Disclosure of how the undertaking assesses the effectiveness of its collaboration with affected communities

Individual projects have their own metrics for measuring the success of collaboration with communities. During the dialogues, collaboration procedures are adjusted to achieve maximum satisfaction of all stakeholders, including the expansion of communication channels.

to the success and duration of the building permit process. An indicative metric is also the actual construction and subsequent successful operation.

Within the framework of modernisation, the effectiveness of discussions and cooperation with local communities is directly related

For the field of dangerous goods transportation, this involves collaboration with the Ministry of Transport, carriers, and the Association of Safety Advisors, z. s., which is positively evaluated based on successful outcomes.

ID	AR	Title
S3-2_06	–	Disclosure of steps taken to gain insight into the views of affected communities that may be particularly vulnerable to impacts and/or marginalised

Using specialised tools, the organisation regularly and operationally monitors media and social networks. For each topic, both aggregate metrics and individual discussion contributions are monitored and analysed. Vulnerable target groups are most commonly defined by their place of residence, where we subsequently organise public consultations.

questionnaires, letters, SMS, informational leaflets, websites or public consultations. Suggestions regarding operational capability can be submitted via postal correspondence, by telephone or through electronic submission. A helpline is also available.

The dialogue during the preparation and implementation of constructions is conducted in various ways – through personal contact,

ID	AR	Title
S3-2_08	–	Statement in the event that the undertaking has not adopted a general process for engaging with affected communities

The organisation has taken measures to engage with affected communities.

a 30-day period for processing and responding. The organisation responds to all addressed suggestions in this manner, except in specified cases..

It also has an adopted directive **SM05 Public Submissions**, which defines both the complaint handling process and the individual channels designated for this purpose. It also sets

S3-3 – Processes to remediate negative impacts and channels for affected communities to raise concerns

ID	AR	Title
S3-3_10	AR 17, AR 22	Disclosure of the general approach and processes to ensure or contribute to remediation if the undertaking has identified that it is associated with a material negative impact on affected communities.

Based on the findings of exceeding hygiene limits, the preparation and implementation of noise and vibration reduction measures are undertaken. Through monitoring local media and social networks, it is possible to retrospectively assess the effectiveness of the remediation.

established by transportation regulations are not followed, resulting in an incident involving the transport of hazardous materials. The risk of non-compliance with work procedures is mitigated by the organisation through training, employee testing and inspections. The organisation has also implemented a Safety Management System (Operational Safety Management System).

Negative impacts on certain communities may occur if railway operating procedures

ID	AR	Title
S3-3_11	AR 18	Disclosure of specific channels available to affected communities to express concerns or needs directly to the undertaking and their resolution

The public can use all public contacts listed on the **organisation's website**, social media (Facebook, Instagram, YouTube, X) or direct contacts to project construction managers.

For managing dialogue with communities, the organisation has established mechanisms and separate channels that ensure maximum possibility of community participation and expression of concerns or needs. The organisation's standard is accurate and open communication with the media and on social networks, where employees also answer queries raised in comments or private messages. In the case of high-speed line projects and major works on the conventional network, representatives of the organisation regularly visit the affected sites. Public hearings and a travelling exhibition, the so-called HSL mobile, are being organised in cooperation with local authorities. Furthermore, we use interactive applications – GIS portals, where communities and individuals can post their concern, need or question directly to a specific location. The organisation then analyses and evaluates the received inputs and may subsequently partially modify the project. Public contributions are

ID	AR	Title
S3-3_12	–	Disclosure of processes through which the undertaking supports or requires the availability of channels

The availability of various options for communities to express their opinions on planned projects is ensured by their composition, allowing individual tools to complement or even replace each other. The management of channels is largely handled internally by the organisation to ensure reliability and accessibility. Verified suppliers are used for third-party applications. Community participation in high-speed line

anonymous and accessible to all application users. Project designers and organisation representatives respond to individual queries and comments directly in the GIS portal. One of the high-speed connections has its dedicated information centre at the main station in Ústí nad Labem. Complaints and submissions related to property law issues are also recorded in one place, specifically the MAJA application. This property rights application, developed specifically for the organisation, serves to manage and support property rights activities on both new and existing transport structures and technical infrastructure projects. It also enables detailed identification of all affected lands, buildings, and owners or users of the lands, as well as monitoring the negotiation process until the land is ultimately acquired by the organisation.

In the RID area, standard communication channels are established (email, telephone, meetings with relevant authorities, and membership in the association of safety advisors).

projects has demonstrated the opportunity to use the same applications for internal operations, not just for public communication. This will ensure coherence and the necessary continuity. GIS portals will also be unified into a single solution in the future, and this will be further developed.

ID	AR	Title
S3-3_13	AR 24	Disclosure of how issues raised and addressed are tracked and monitored, and how the effectiveness of channels is ensured

Generally, all channels enabling community participation are regularly presented through websites, social networks, or press releases addressed to nationwide and local media. Designers and organisation representatives can also respond directly to individual queries and comments in the GIS portal.

The project preparation manager for a specific investment action records meetings during the

process of preparing design documentation and queries, which are answered via the web interface and social networks for their own purposes. The record is disclosed only in the case of a specific requirement, e.g. co-financing of construction.

Monitoring and addressing emergencies (accidents and incidents) is carried out by designated organisational units.

ID	AR	Title
S3-3_14	AR 23	Disclosure of whether and how it is assessed that affected communities are aware of and trust the structures or processes as a means to express their concerns or needs and have them addressed

The success of participatory initiatives and the effectiveness of channels are evaluated by the organisation within individual projects according to the needs of specific communities. For the purpose of further development, entire channels as well as individual functions are being evaluated. In most cases, the metrics include website and information centre traffic, the number of submissions in specialised

applications, responses on social media, and public interest in public consultations.

Relevant communities are knowledgeable about RID, and the principles of this regulation have been implemented. The Rail Authority, authorised to conduct inspections in the RID area, found no deficiencies.

ID	AR	Title
S3-3_15	–	Policies regarding protection against retaliation for individuals who use channels to express concerns or needs are implemented.

The organisation has implemented a policy regarding personal data protection in compliance with national legislation and EU regulations. Suggestions can be submitted anonymously to the organisation's GIS portals and web forms. GIS portals only verify that the post is not written by a robot. The user does

not even need to provide their email address to which information about the query response would be sent. In the web form, a query to the customer service unit can be sent without providing a name. Filling in the name does not affect the processing or response to the request.

ID	AR	Title
S3-3_16	–	Statement in the event that the undertaking has not adopted a general process for engaging with affected communities

The process is governed by the confidential directive **SM001 Unified Corporate Identity Directive of the State-Owned Organisation Správa Železnic and SM05 Public Submissions**. The Internal Communication Department prepared the material **Grievance Mechanism System**, which generally describes the process, including tools developed for

specific projects. Its approval is expected in the early months of 2025.

For the needs of the modernisation section, the implementation of a policy concerning the discussion and monitoring of construction project consultations is being further considered.

S3-4 – Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions

ID	AR	Title
S3.MDR-A_01-12	–	Action plans and resources for managing material impacts, risks, and opportunities related to affected communities

The evaluation of public inputs is conducted on a daily basis. From a safety perspective, all aspects of safety are further extensively evaluated on a weekly and monthly basis. Each emergency (accident or incident) is evaluated, and the necessary measures are taken to ensure safety. The organisation also fulfils the

obligation arising from EU Directive 2002/49/EC, based on which the **Action Plan for Noise-protection Measures on Railway Lines** is adopted.

ID	AR	Title
S3.MDR-A_13-14	–	Disclosures to be provided if the undertaking has not taken measures

The organisation has adopted measures.

ID	AR	Title
S3-4_01	AR 28–29, AR 36	Description of adopted, planned, or ongoing actions to prevent, mitigate, or remedy significant adverse impacts on affected communities

Once the organisation receives a suggestion regarding the current state of station equipment or infrastructure components via a web form or social media, it is immediately forwarded to the responsible department. If the initiator provides contact information, we will inform them about the receipt of the initiative and the method of resolution.

remediation is primarily ensured by the regional directorates. If the suggestions are part of the project preparation or modernisation process, they are addressed within them. For the preparation and implementation of noise and vibration mitigation measures in cases of identified excessive noise exposure, or similarly for vibrations, the installation of equipment for long-term monitoring is underway.

Each suggestion is addressed individually, as they are specific to their location and content. The primary contact or any necessary

ID	AR	Title
S3-4_02	–	Description of whether and how the undertaking has taken action to provide or enable remedy in relation to an actual material impact

The organisation has implemented measures to ensure or facilitate remediation, particularly through the operation of the FrontStage application, which records electronic and written submissions and suggestions, as outlined in directive **SM05 Public Submissions**. Organisational units have designated representatives to whom internal customer service administrators assign submissions for processing documentation or rectifying non-compliant conditions, if confirmed. This process involves expressing opinions and providing comments on individual projects as well as concluded lease agreements.

Government Regulation No. 272/2011 Coll., on the Protection of Health Against Adverse Effects of Noise and Vibrations, Act No. 201/2012 Coll., on Air Protection.

- Waste: **Act No. 541/2020 Coll., on Waste, Decree No. 273/2021 Coll., on Details of Waste Management SŽ SM096 Directive for Waste Management.**
- Environmental Impact Assessment: **Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011, on the Assessment of the Effects of Certain Public and Private Projects on the Environment, Act No. 100/2001 Coll. Act on the Environmental Impact Assessment.**

All procedures of the organisation are based on applicable European and national laws as well as internal procedures, particularly:

- Public health: **Act No. 258/2000 Coll., on the Protection of Public Health,**

ID	AR	Title
S3-4_03	AR 37	Description of additional initiatives or processes primarily aimed at delivering positive impacts for affected communities

The organisation recognises that trust is always essential for the success of all types of dialogue with various types of communities. Therefore, regardless of the content of the message, it always informs the public promptly and accurately. For this purpose, the confidential directive **SM001 Directive on the Unified Corporate Identity of the State-Owned Organisation Správa Železnic** mandatorily regulates who and when is authorised to communicate the organisation's positions.

The organisation's individual projects are always presented in the context of the broader circumstances of the given locality, often in collaboration with municipal and local

governments, to help affected communities understand various aspects of railway infrastructure construction and its benefits for the quality of life. The presentation of station reconstructions on social media also includes announcements about new or interesting establishments or nearby leisure activities.

The organisation, in addition to professionally managing internal security, also champions the topic of safety in public spaces, for instance, through the departmental security initiative, workshops involving investigators or members of the Fire Rescue Corps of Správa železnic or collaboration with the National Institute of Mental Health.

ID	AR	Title
S3-4_04	AR 31–33	Description of how the effectiveness of measures or initiatives in achieving outcomes for affected communities is monitored and evaluated

For the purpose of selecting appropriate topics for preventive activities, the statistical development of emergencies (accidents and incidents) caused by errors of road traffic participants or passengers is regularly monitored. The organisation consistently confirms its interest in the inputs of long-affected communities, aligning its promoted objectives with their fulfilment through specific technical solutions in railway infrastructure. The primary goals are human safety and the enhancement of quality of life.

On social media, posts are primarily monitored that address controversial projects or, conversely, those that showcase the work of specific experts. The public generally

appreciates gaining deeper insights into more complex topics while simultaneously being able to personify individual professions.

In specific cases, the effectiveness of measures or initiatives in achieving outcomes for affected communities is monitored:

- In the case of noise within the framework of **Strategic Noise Mapping**.
- In the case of construction projects, each project is considered separately, and new policy on how such projects are monitored and discussed is under consideration.

ID	AR	Title
S3-4_05	AR 26	Description of processes for identifying necessary and appropriate measures in response to a specific actual or potential material negative impact on affected communities

Data from the implementation of appropriate measures to mitigate negative impacts on communities are systematically collected and evaluated. During the prioritisation, implementation, and evaluation of effectiveness, transparent communication with the affected parties is conducted. Identification is also facilitated by daily media monitoring, which is utilised by the management of the organisation alongside other employees. Even when a material negative impact is assessed as potential, the responsible department analyses possible impacts and seeks preventive solutions.

Special attention is given to providing information about the current operational situation and both planned and exceptional restrictions. To minimise the impact of operational restrictions on passengers, the organisation provides updates 24/7 through a web application, mobile application, social media, and a dedicated information channel for journalists.

ID	AR	Title
S3-4_06	–	Description of the approach to taking actions in relation to specific material negative impacts on affected communities

Organisation generally adheres to applicable national legislation and EU regulations. This legislation also forms the basis for internally established directives, guidelines, or methodologies and the procedures defined by them.

From the perspective of safety communication and preventive campaigns, organisations automatically strive to create a sectoral

approach that enables greater reach and effectiveness of the campaigns. When communicating complex topics, the organisation collaborates with independent experts, such as the National Institute of Mental Health, the Ministry of Health of the Czech Republic, or the Czech Technical University in Prague.

ID	AR	Title
S3-4_07	–	Description of the approach to ensuring that processes for providing or enabling remediation in cases of material negative impacts on affected communities are accessible and effective in their implementation and outcomes

The effectiveness of implemented measures is assessed through feedback from the affected community, facilitated by the established corporate culture, as all organisational units share information with the Communication Department, which serves as a natural information bridge between the organisation and the public.

The precise procedures are established by internal documents, which employees are required to be familiar with. For example, during project preparation, an Emergency Plan is developed, and during construction implementation, OHS plans are prepared.

ID	AR	Title
S3-4_08	AR 38–40, AR 42	Description of planned or ongoing measures to mitigate material risks arising from impacts and dependencies on affected communities and how their effectiveness is monitored

Material risks to the organisation's reputation, project acceptance by affected groups, or the project preparation timetable are identified by the organisation's employees through analysis of public feedback. Complex projects, where speculation may arise or a negative reaction from part of the public is anticipated, are initially presented to journalists through meetings with experts from among the organisation's employees, in order to identify weaknesses in the presentation plan of the project's proposed solution in advance.

Furthermore, the preparation and implementation of measures for protection against noise and vibration is ongoing. Regarding suggestions aimed at building management and their surroundings, the suggestions for remediation are forwarded, followed by a physical inspection of the actual resolution.

ID	AR	Title
S3-4_09	–	Description of planned or ongoing actions to leverage material opportunities in relation to affected communities

Opportunities are discussed and developed within working groups established at the direction of the organisation's management. In the organisation, this is managed by the Strategy Department or the specialised unit to which the opportunity relates.

ID	AR	Title
S3-4_10	AR 30	Disclosure of whether and how it is ensured that the undertaking's own practices do not cause or contribute to significant adverse impacts on affected communities

Material mitigation of negative impacts is primarily ensured through strict adherence to national legislation and EU regulations.

The organisation prevents negative impacts by consulting with external experts across the full range of activities of Správa železnic. In preventing negative impacts in the field of security, areas such as physical security, psychiatry, sociology, environment, pedagogy and cybersecurity are involved.

As part of project implementation, the contractual arrangement for the execution of investment activities is ensured in accordance with the prepared design documentation, the applicable conditions issued within the permitting process, and the relevant legislation.

ID	AR	Title
S3-4_11	–	Disclosure of significant issues and incidents in the field of human rights associated with affected communities

For the year 2024, no significant issues or incidents related to human rights involving affected communities were recorded.

ID	AR	Title
S3-4_12	–	Disclosure of resources allocated to managing material impacts

The resources allocated for managing material impacts are not yet recorded in a unified register. In practice, they are determined by the organisation's financial budget and personnel resources through systemisation. Each department within the organisation affected by the issue has employees dedicated to it, e.g. the Communication Department has 5 people, while environmental issues are handled by 51 employees across the organisation, etc.

3.3.3 METRICS AND TARGETS

S3-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

ID	AR	Title
S3.MDR-T_01-13	AR 45–47	Goals for managing material impacts, risks, and opportunities related to affected communities [see ESRS 2 – MDR-T]

The strategic targets of the organisation related to managing material impacts, risks, and opportunities concerning affected communities are outlined in the documents **Strategy of the State-Owned Organisation Správa**

Železnic and **Sustainability Strategy**. Other objectives include, for instance, continuing the trend of reducing the number of injuries and fatalities on the railway and enhancing passenger information.

ID	AR	Title
S3.MDR-T_14-19	–	Disclosures to be provided if the undertaking has not adopted targets

The targets were adopted.

ID	AR	Title
S3-5_01	–	Disclosure of whether and how the affected communities were directly involved in setting the targets

The strategic targets of the organisation are not established in collaboration with the affected communities. However, specific targets were established in individual safety campaigns in collaboration with expert partners, such as the Rail Authority or the National

Institute of Mental Health. As part of communicating current operational information, members of the railway enthusiast subculture are actively listened to, as their knowledge often provides detailed feedback, ultimately resulting in improved service for the general public.

ID	AR	Title
S3-5_02	–	Disclosure of whether and how the affected communities were directly involved in monitoring performance in relation to the targets

The mobile application **Datel** and the **Interactive Map**, monitor the most searched construction projects and the number structures and the number of active users. The media impact is monitored through media monitoring tools. When evaluating safety campaigns, internal data are used.

The affected communities were also involved, for instance, through public comments on **Action Plans for Noise Reduction from Railway Transport**.

ID	AR	Title
S3-5_03	–	Disclosure of whether and how the affected communities were directly involved in identifying lessons learned or improvements resulting from the undertaking's performance

Sharing best practices in working with affected communities occurs at varying levels of detail across the organisation, i.e. sharing within individual organisational units as well as through mass internal communication channels. Working with communities is also an integral part of various working groups that focus on specific areas of the organisation's activities. Insights and results of individual initiatives are also shared with the public through the participation of the organisation's employees in conferences and events. For the general public, this includes the urban initiative **People Who Transform Our Cities**, where the organisation's employees presented the results of implementing the **Manual for Cultivated Stations**. Among the professional events, the conference **Seeking Light in Darkness**, organized by the Ministry of Health of the Czech Republic and attended by experts on suicide prevention from the public, private, and academic sectors, can be mentioned. Improving the lives of affected communities, the organisation continuously communicates through interactive tools, social networks, and public events in connection with specific projects, such as high-speed lines.

3.4 Consumers and end-users (ESRS S4)

3.4.1 STRATEGY

ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model

ID	AR	Title
S4.SBM-3_01	AR 5–6	All consumers and end-users who may be materially impacted by the undertaking are included within the scope of disclosure under ESRS 2

Given the nature of its activities and the scope of its operations, the organisation's impacts must be assessed with regard to practically the entire society – passengers, the general public, employees, local governments, state administration, tenants, nationwide and regional media, landowners adjacent to the railway protection zone, carriers, suppliers and subcontractors.

Within the section of modernisation, public consultations are conducted during the construction permit proceedings (according to the Building Act) and the EIA process (according to the Environmental Impact Assessment Act), if applicable. Furthermore, through communication platforms – the organisation's web interface and social networks. If necessary, partial negotiations are also conducted.

ID	AR	Title
S4.SBM-3_02	–	Description of types of consumers and end-users subject to material impacts

The operational activities of the organisation impact the following types of consumers and end-users:

- Carriers – use the transport route managed by the organisation.
- Passengers and tenants – utilise managed property (buildings and their facilities).
- Users of social networks and users of the organisation's internet services (e.g. web-sites or applications).

- Young passengers, families travelling with small children, and passengers with disabilities.

The impacts from the construction process are usually of a rather short-term nature. This primarily concerns noise disturbances, increased local traffic and heightened dust levels. Local residents, entrepreneurs and companies may also be affected.

ID	AR	Title
S4.SBM-3_03	–	Type of consumers and end-users subject to significant impacts by own activities or through the value chain

For response, see [S4.SBM-3_02](#).

ID	AR	Title
S4.SBM-3_04	–	Occurrence of significant negative impacts (consumers and end-users)

The activities of the organisation naturally impact the landscape, cities, and municipalities through railway infrastructure. Prevention of risks associated with the movement of individuals and vehicles near this infrastructure is one of the organisation's fundamental tasks, with particular attention given to eliminating negative impacts on children and adolescents. Incidents that may affect passengers, carriers, employees, or tenants include vandalism, technical malfunctions, and restrictions related to construction activities.

device information. Within the IT systems, the organisation consistently adheres to GDPR, and the architecture of applications and services for the public is always designed to ensure that user data is processed only when absolutely necessary and always in compliance with internal, national and European regulations.

Despite the implemented preventive measures, emergencies occasionally occur, causing delays and temporary restrictions on railway operability, which limit carriers and passengers.

The group of occurrences with negative impacts may potentially include users of the organisation's internet services who, in this context, provide their personal data or

Among other negative impacts, the inaccessibility of certain buildings for all users, particularly for persons with reduced mobility and orientation capabilities, can also be included.

ID	AR	Title
S4.SBM-3_05	–	Description of activities leading to positive impacts and types of consumers and end-users who are or could be positively affected

Operational readiness is ensured through a set of preventive measures and regular activities, including maintenance, reconstruction and modernisation of the railway line. These activities aim to minimise the likelihood of emergencies, operational constraints and negative impacts on the environment. Primarily, the beneficiaries are transport operators and passengers.

The modernisation of the railway is associated with the construction and upgrading of the state's key infrastructure, including all related benefits. Construction activities can positively influence the development of areas in terms of employment, economy, civic amenities and other aspects. Rapid technological advancement brings new possibilities for the accessibility of the organisation's devices and services, such as

access to up-to-date information. The positive development in the field of safety is reflected in the decrease in fatalities caused by train collisions and the reduction in the number of accidents at level crossings. This development is the result of infrastructure modernisation, enhancement of crossing security, construction of underpasses and overpasses, elimination of level crossings, or preventive activities.

Construction modifications to access roads, station buildings, and other transportation infrastructure elements, such as platforms, elevators, and staircases, enhance accessibility and comfort for all users, including individuals with reduced mobility and orientation capabilities. For these individuals, assistance and support for boarding or alighting from the train are provided at certain stations. Lastly, some trains feature special carriages designed for children.

ID	AR	Title
S4.SBM-3_06	–	Description of significant risks and opportunities arising from impacts and dependencies on consumers and end-users

Significant risks include financial penalties for reduced operational capability and insufficient attractiveness of railway transport, or underutilised infrastructure capacity.

On the other hand, opportunities include enhancing the attractiveness of railway transport and thus contributing to the reduction of the carbon footprint from individual transport. Further opportunities

include expanding collaboration with expert partners on preventive safety campaigns and enhancing digital information channels for distributing information and receiving public feedback. Two-way communication between the organisation and both the professional and general public represents an opportunity to enhance the organisation's reputation and increase its attractiveness in the job market.

ID	AR	Title
S4.SBM-3_07	AR 7	Disclosure of whether and how the undertaking has developed an understanding of how consumers and end-users with specific characteristics, working in certain contexts, or performing certain activities, may be exposed to a higher risk of harm

The organisation consistently monitors and evaluates the accessibility of buildings and platforms at least once a year to better understand the needs of consumers and end-users with limited mobility or orientation. Information about barrier-free modifications is published in printed timetables, on websites and in mobile applications. Thanks to regular meetings and feedback from organisations representing these groups, efforts continue

to expand and improve the quality of disclosed data.

Based on joint internal discussions between the Communication Department and Security and Crisis Management Department, intensive collaboration was established with experts from the National Institute of Mental Health. The joint workshop and sharing of experiences and materials contributed to a deeper

understanding of the motives and behavioural patterns of individuals with mental health issues. Young people inherently face a greater safety risk, as they often move near railways with phones or headphones. Similarly, older

people may underestimate the speed of a train or fail to notice it altogether due to impaired vision, hearing or reduced mobility. Both of these groups are therefore more frequently targeted with safety topics.

ID	AR	Title
S4.SBM-3_08	AR 8	Disclosure of which significant risks and opportunities arising from impacts and dependencies on consumers and end-users are impacts on specific groups

Significant risks and opportunities arising from impacts and dependencies on consumers and end-users have varying effects on specific groups.

Risks include financial penalties for operational limitations and insufficient attractiveness of railway transport. These risks have a direct impact on carriers and passengers, who may be affected by delays and operational restrictions. On the other hand, opportunities include enhancing the attractiveness of railway transport, which can contribute to reducing the carbon footprint of individual transport and positively impact the environment. Further

opportunities include expanding collaboration with expert partners on preventive safety campaigns and enhancing digital information channels for distributing information and receiving public feedback. Two-way communication between the organisation and both the professional and general public represents an opportunity to enhance the organisation's reputation and increase its attractiveness in the job market.

Barrier-free accessibility of buildings and platforms is another significant aspect that positively impacts individuals with reduced mobility and orientation capabilities.

3.4.2 IMPACT, RISK AND OPPORTUNITY MANAGEMENT

S4-1 – Policies related to consumers and end-users

ID	AR	Title
S4.MDR-P_01-06	–	Policies concerning the management of material impacts, risks and opportunities related to consumers and end-users [see ESRS 2 MDR-P]

The organisation implements various policies and regulations to manage significant impacts, risks and opportunities related to consumers and end-users. Key documents include:

- **SM05 Public Submissions** and **SM001 Unified Corporate Identity Directive**: These directives support a unified corporate identity and ensure that communication with the public is consistent and professional.
- **Concept for Managing Real Estate of Passenger Stations, Manual for Cultivated Stations and S7 Regulation for Building Management**: These internal documents establish the principles and procedures for the management and maintenance of properties, ensuring safety and comfort for all users of the railway infrastructure.
- **Security Plan for the Transport of High-Risk Hazardous Materials**: This internal plan includes the implementation of an in-house regulation for fulfilling the obligations of the railway infrastructure operator according to the **Regulations concerning the International Carriage of Dangerous Goods by Rail**. The purpose of this plan is to establish conditions to minimise the possibility of misuse of high-risk hazardous materials for terrorist purposes and the occurrence of emergencies related to the transport of hazardous materials. The subsequent documents are local safety plans, serving as specifications tailored to local conditions within the defined territorial scope. The Safety Plan ensures that all activities related to the transportation of hazardous materials comply with the applicable Regulations concerning the International Carriage of Dangerous Goods by Rail.
- Crisis Management and Business Continuity: The organisation implements principles of crisis management and business continuity, which include preparation for crisis situations and incidents through plans and procedures for rapid response. The aim is to ensure the continuous provision of services and the right to protect the fundamental rights of every individual. Fundamental rights are the right to protection of one's life, liberty and security. In the area of safety, we focus on ensuring that all our employees and clients feel secure. Our practices and measures are designed to protect the fundamental rights of every individual and provide a safe and stable environment.
- Physical Security Standards: Standards for the physical security of critical infrastructure elements and employee workplaces are set by internal company regulations. The organisation ensures the security of publicly accessible areas in railway stations and collaborates with organisational units to establish surveillance security workplaces.
- **SŽ D17 Regulation for Reporting and Investigating Accidents and Incidents**: This internal regulation establishes procedures for reporting and investigating accidents and incidents, contributing to a prompt and effective response to incidents and minimising their impacts. Each accident and incident is investigated on the basis of the concluded 'Cooperation Agreements for Investigating Accidents and Incidents in Railway Transport and Cases of Fatal Work-related Accidents' with other railway operators and carriers.

ID	AR	Title
S4.MDR-P_07-08	–	Disclosures to be provided in the event that the undertaking has not adopted policies

The organisation has adopted the relevant policies.

ID	AR	Title
S4-1_01	–	Policies concerning the management of material impacts, risks and opportunities related to affected consumers and end-users, including specific groups or all consumers/end-users

Among the main policies concerning the management of significant impacts, risks and opportunities related to affected consumers and end-users, including specific groups or all consumers/end-users, are:

- **SM065 Risk Management** – accessibility is monitored as a risk.
- **Risk Catalogue** of the Railway Operation Safety System Department.
- Document Ref. **No. 65576/2023-SŽ-GŘ-O18 Security Policy of the State-Owned Organisation Správa Železnic**.

ID	AR	Title
S4-1_02	–	Description of relevant human rights commitments concerning consumers and/or end-users

One of the organisation's key commitments in the field of human rights is ensuring barrier-free accessibility for all consumers and end-users. This commitment is regularly evaluated (at least once a year), and its fulfilment is monitored over the long term. Information about accessibility for passengers is published in printed timetables, on the website, and in mobile applications, where it is continuously updated and expanded. To this end, collaboration is ongoing with organisations representing people

- Evaluation of the causes and circumstances of the accidents and incidents.
- Assessment and evaluation of hazards in railway operation and/or railway transport operation.
- **SŽ D17 Regulation for Reporting and Investigating Accidents and Incidents**

with reduced mobility and with transport carriers to ensure maximum comfort and protection for all users.

The organisation also focuses on the accessibility of websites and applications for the blind and visually impaired, regularly consulting with an internal consultant and using consultations with the United Organisation of the Blind and Visually Impaired of the Czech Republic.

ID	AR	Title
S4-1_03	–	Disclosure of the general approach to respecting the human rights of consumers and end-users

The organisation complies with both European and national legislation in the field of PRM, as well as the internal document **SŽ PO-5/2022-NŘP Directive of the Deputy Director General for Traffic Management and the Deputy Director General for Railway Operability to Ensure Assistance during the Transportation of Persons with Reduced Mobility and Orientation.**

When communicating with the public and partners, the organisation always acts with respect and regard for the rights and dignity of the individual. Except for defined cases where we do not respond to vulgar or otherwise inappropriate prompts, we provide truthful information regardless of origin, age, gender, or social status.

ID	AR	Title
S4-1_04	–	Disclosure of the general approach to collaboration with consumers and/or end-users

Collaboration with consumers and/or end-users is conducted in accordance with the following key documents:

- **Network Statement** (access and allocation of train paths to carriers), lease agreements.
- **SŽ D17 Regulation for Reporting and Investigating of Accidents and Incidents.**

- Cooperation agreements for investigating accidents and incidents in rail transport and cases of fatal work-related accidents.
- Quality Manual and Quality Policy.

Purposeful public engagement as consumers generally requires a unified corporate identity, which is the subject of **SM001 Directive on Unified Corporate Identity of the State-Owned Organisation Správa Železnic.**

ID	AR	Title
S4-1_05	–	Disclosure of the general approach to measures ensuring and/or enabling the remediation of impacts on human rights

The organisation is committed to protecting human rights and ensuring remediation for any impacts on human rights. Key measures include:

- Construction modifications of access roads, station buildings, and other elements of the transport route: These modifications include platforms, lifts, and staircases that ensure barrier-free access and comfort for all users, including persons with reduced mobility and orientation.

- Evaluation of the causes and circumstances of accidents and incidents: The organisation conducts assessment and evaluation of hazards in railway operation and/or railway transport operation. This process involves identifying risks and implementing measures to minimise negative impacts on human rights, as well as to minimise the negative impacts of accidents and incidents on traffic management, the infrastructure of the railway operator, and the economy, respectively the organisation's financial management (e.g. claims management).

- Possibility of submitting complaints and suggestions: Anyone who believes that the activities of the organisation have impacted their human rights can contact the Správa železnic helpline free of charge at any time, use the online form, or send a letter to the organisation's registry. All suggestions are addressed in accordance with internal

regulations, ensuring fair and transparent resolution of complaints.

ID	AR	Title
S4-1_06	AR 11	Description of whether and how policies are aligned with relevant internationally recognised instruments

The organisation's policies are aligned with relevant internationally recognised instruments and legislation, a key factor in ensuring compliance with global standards and requirements.

- Interconnection of legislation and requirements: Without the interconnection of legislation and requirements, it would not be possible to obtain an occupancy permit and properly use the building. This ensures that all construction modifications and projects comply with applicable regulations and standards.
- **SŽ D17 Regulation for Reporting and Investigating Accidents and Incidents:** This regulation ensures the interconnection

of internal company procedures for investigating accidents and incidents with external legislation. This means that all procedures and measures comply with international standards and regulations, which contributes to an effective and transparent incident resolution.

- International Standards in the Railway Industry: The organisation follows internationally recognised standards, such as the International Railway Industry Standard, which is based on the key principles of ISO 9001 and specific requirements for the railway industry. This standard ensures that all processes and procedures comply with global quality and safety requirements.

ID	AR	Title
S4-1_07	–	Disclosure of the scope and nature of cases of non-compliance with the general principles of the UN in the field of business and human rights, the ILO Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises, which relate to consumers and/or end-users.

These cases were not recorded by the organisation.

S4-2 – Processes for engaging with consumers and end-users about impacts

ID	AR	Title
S4-2_01	AR 17	Disclosure of whether and how the perspectives of consumers and end-users are reflected in decisions or actions aimed at managing actual and potential impacts

The organisation defines general principles within the **Concept for Managing the Real Estate of Passenger Stations**. Within the organisation's activities, passenger satisfaction surveys are conducted, and their flows through station buildings are monitored. Advertising is set according to **SM088 Temporary Use of State Property – Housing Stock Managed by the State-**

Owned Organisation Správa Železnic, and transparent public tenders are announced.

The organisation regularly analyses and updates tools used for distributing information to the public and responds to individual public inputs. It also monitors customer satisfaction, conducts supplier-customer audits according to ISO 9001, and evaluates objections, complaints and claims for each calendar year.

ID	AR	Title
S4-2_02	AR 14	Collaboration takes place directly with consumers and end-users or their legitimate representatives, or with credible proxies

In most cases, collaboration occurs directly, for example, through dialogues with communities and carriers.

ID	AR	Title
S4-2_03	AR 16	Disclosure of the phase in which the collaboration occurs, the type of collaboration, and the frequency of collaboration

Within the scope of communication activities, the organisation typically collaborates with professional partners throughout the entire duration of a project. Public suggestions are continuously processed and implemented; however, the organisation actively encourages feedback when the project undergoes an update phase or new facts about the topic emerge.

In the case of leases, collaboration takes place right from the start. The FrontStage application is used for recording submissions and suggestions, both electronic and written; for more details, see directive **SM05 Public Submissions**. The internal help desk for building management addresses technical and operational issues, including cleaning.

The organisation also enters into cooperation agreements for investigating accidents and incidents in railway transport and cases of fatal work-related accidents.

ID	AR	Title
S4-2_04	AR 15–16	Disclosure of the function and highest role within the undertaking that holds operational responsibility for ensuring collaboration and that the results inform the undertaking's approach

The operational responsibility for ensuring cooperation lies with the Deputy Directors General and the Directors of the respective departments.

ID	AR	Title
S4-2_05	–	Disclosure of how the effectiveness of collaboration with consumers and end-users is assessed

Evaluation of collaboration with consumers and end-users is conducted continuously, but not less than once a year. Effectiveness is also evaluated during significant update moments of projects or upon their completion.

ID	AR	Title
S4-2_06	–	Disclosure of steps taken to gain insight into the views of consumers and end-users / consumers and end-users who may be particularly vulnerable to impacts and/or marginalised.

During the planning and preparation process of constructions, the organisation conducts public consultations, launches GIS portals, and monitors all social networks and media significant in the context of the Czech Republic. The operation of the process for handling and recording public submissions is regulated by directive **SM05 Public Submissions**.

The organisation ensures collaboration in discussing the occupancy of new and existing spaces, sets the anticipated scope of services

and identifies potential partners. The FrontStage application is used for recording both electronic and written submissions and suggestions.

The opinions and requirements of persons with disabilities are considered and approached with great importance. One example is the service for boarding and alighting of passengers with disabilities at the station, which is carried out in collaboration with carriers and the organisation. Customer satisfaction is also evaluated within the framework of ISO 9001.

ID	AR	Title
S4-2_07	–	Statement in the event that the undertaking has not adopted a general process for engaging with consumers and/or end-users

The general process has been adopted.

S4-3 – Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

ID	AR	Title
S4-3_01	AR 18	Disclosure of the general approach and processes to ensure or contribute to remediation if the undertaking identifies that it is associated with a material negative impact on consumers and end-users

The organisation has implemented a system of corrective measures in case significant deficiencies are identified that could negatively impact consumers or end-users, for example, in the area of accessibility. This system includes regular inspections and adjustments of access in buildings and on platforms, updates to already published information in timetables, on the website, and in mobile applications, as well as consultations with organisations representing individuals with special needs. The effectiveness of these steps is evaluated annually, and the results are used to further improve processes and communication with all affected groups.

Regarding incidents or situations associated with negative impacts on consumers or end-users, the organisation provides all current and accurate information about all facts and corrective measures in accordance with the principles of industry professionalism and ethics enshrined in the **Code of Ethics** and directive **SM001 Directive on Unified Corporate Identity of the State-Owned Organisation Správa Železnic** in its current version.

The organisation also evaluates customer satisfaction according to ISO 9001. It deals with objections, complaints, and claims for each calendar year, and assesses and evaluate hazards associated with operating of the railway and/or railway transport.

ID	AR	Title
S4-3_02	AR 19	Disclosure of specific channels available to consumers and end-users to express concerns or needs directly to the undertaking and their resolution

The organisation provides several channels for public submissions. The organisation's website lists the contact address of the Správa železnic registry office as well as a **contact form**. Consumers and end-users can use the free helpline on the phone number: 800 210 021, as well as the chat in the pop-up window on the organisation's website. A submission is also considered to be one made to any other contact address of the organisation, including

employees' email addresses. Notifications of negative impacts or concerns expressed through third-party mechanisms or on social media via private messages are also recorded as submissions. As part of the solution, investigations are conducted, proposals for evaluating the causes and circumstances of occurrence are made, and an overall assessment of accidents and incidents is carried out.

ID	AR	Title
S4-3_03	–	Disclosure of processes through which the undertaking supports or requires the availability of channels

Channels of the organisation serving affected communities for expressing concerns and suggestions, including their IT infrastructure, are subject to binding internal and national standards. Ensuring their functionality and

availability to the public is thus an integral part of the job responsibilities of the respective employees. In this context, direct contact or official correspondence is made with carriers and other railway operators.

ID	AR	Title
S4-3_04	AR 24	Disclosure of how issues raised and addressed are tracked and monitored, and how the effectiveness of channels is ensured

The binding internal regulations govern, in addition to the process of addressing suggestions from affected communities, the deadlines for their resolution, the responsible individuals and the remediation procedures. Issues raised through the given channels are monitored daily.

ID	AR	Title
S4-3_05	AR 23	Disclosure of whether and how it is assessed that consumers and end-users are aware of and trust the structures or processes as a means to express their concerns or needs and have them addressed

The submission can also be sent or communicated anonymously. GDPR is consistently adhered to within the organisation. Public trust in channels for expressing concerns or needs is evaluated based on a year-on-year comparison. A total of 6,209 written submissions were received through the described channels in 2024, representing a year-on-year increase of 6.79 %. There were 6,829 telephone submissions, representing a 44.1 % year-on-year

increase. This significant increase was primarily caused by the extensive floods in September 2024.

Carriers regularly provide updates at coordination meetings with other carriers or through the media, presenting feedback and their trust in the organisation's procedures. The response is mostly positive.

ID	AR	Title
S4-3_06	–	Policies regarding protection against retaliation for individuals who use channels to express concerns or needs are implemented.

The organisation addresses complaints with full transparency and in accordance with applicable legislation. It is also possible to submit anonymously. Only the employees of the customer service staff of the Communication

Department and the individual investigators responsible for the respective unit are familiar with the content of a communication.

ID	AR	Title
S4-3_07	–	Statement in the event that the undertaking has not adopted a general process for engaging with consumers and/or end-users

The general process for engaging with consumers and/or end-users is established.

S4-4 – Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

ID	AR	Title
S4.MDR-A_01-12	–	Action plans and resources for managing material impacts, risks and opportunities related to consumers and end-users [see ESRS 2 – MDR-A]

The organisation has implemented the **Energy Strategy Of The State-Owned organisation Správa Železnic**, which is followed by the internal document Implementation of the Action Plan for the Energy Strategy. This document contains action plans for managing material impacts, risks and opportunities.

The action plans also include construction modifications to access roads, station buildings, and other elements of the transport route, such as platforms, elevators and staircases. These plans are set annually according to priorities, and the risk matrix is continuously updated.

To confirm the intention to continue long-term collaboration and further develop preventive safety initiatives, a Memorandum of Cooperation on Railway Injury Prevention was signed in June 2023 by Správa železnic, České dráhy, and the Railway Authority.

Action plans concerning consumers and end-users include the disclosure of individual network statements according to the law, investments in lines, and the operational plan for individual trains. The organisation also implements action plans within the railway operator's safety system and the railway transport operator's system.

ID	AR	Title
S4.MDR-A_13-14	–	Disclosures to be provided if the undertaking has not taken measures

The organisation has adopted measures.

ID	AR	Title
S4-4_01	AR 35	Description of planned or ongoing measures to prevent, mitigate, or remediate material negative impacts on consumers and end-users

The organisation plans and implements various measures to prevent, mitigate, or remediate material negative impacts on consumers and end-users. These measures include:

- Regular inspections and adjustments of approaches: The organisation conducts regular inspections and adjustments of access routes, station buildings, and other elements of the railway transport infrastructure, such as platforms, lifts and staircases in order to ensure barrier-free access and safety for all users.
- Information Update: The organisation regularly updates the information published in timetables, on websites, and in mobile

applications to ensure that consumers and end-users have access to current and accurate information.

- Consultation with organisations: The organisation collaborates with organisations representing persons with special needs to ensure that their opinions and requirements are reflected and considered during the planning and implementation of measures.
- Evaluation of the effectiveness of measures: The organisation annually evaluates the effectiveness of the implemented measures and uses the results to further improve processes and communication with all affected groups.

- Providing information about incidents: The organisation provides current and accurate information about incidents or situations associated with negative impacts on consumers or end-users and informs about the corrective measures taken in accordance with the principles of industry professionalism and ethics.

ID	AR	Title
S4-4_02	–	A description of whether and how measures have been taken to provide or enable remedy in relation to a real material impact

The organisation has implemented several measures to provide or enable remedy in relation to an actual material impact. The organisation has implemented a system of corrective measures if significant deficiencies are identified that could negatively impact consumers or end-users. This system includes regular inspections and adjustments of access routes, station buildings, and other elements of the transport route, such as platforms, elevators, and staircases. Information published in timetables, on websites, and in mobile applications is regularly updated to ensure it is current and accurate.

The organisation also collaborates with organisations representing persons with special needs

ID	AR	Title
S4-4_03	AR 36	Description of additional initiatives or processes primarily aimed at delivering positive impacts for consumers and end-users

The organisation implements several initiatives and processes aimed at delivering positive impacts for consumers and end-users. The most significant constructions and projects, where increased public interest in detailed information is anticipated, are presented on dedicated websites, and feedback on them is obtained through specialised applications, such

- Employee training: If it is determined that an employee has communicated poorly with the respective carrier, the organisation immediately takes corrective actions and re-educates the employee on the importance and appropriateness of conflict-free communication.

to ensure that their views and requirements are reflected and considered during the planning and implementation of measures. The effectiveness of these steps is evaluated annually, and the results are used to further improve processes and communication with all affected groups.

The proposed corrective measures to prevent extraordinary events, including adherence to deadlines for their implementation, have also been incorporated into the internal documents **Evaluation of the Causes and Circumstances of the Accidents and Incidents and Further Assessment and Evaluation of Hazards in the Operating of the Railway and/or Railway Transport.**

as GIS portals. Other initiatives include the purchase and installation of lifting platforms and regular meetings with organisations representing persons with special needs, including consultations on technical solutions. The organisation also conducts passenger satisfaction surveys and, if necessary, provides simplified questionnaires as required.

Collaboration on the projects 'The Train Doesn't Stop' and 'You Can't Make It' is another example of initiatives aimed at raising awareness about railway safety, which also brings positive impacts for consumers and end-users among passengers and the general public.

ID	AR	Title
S4-4_04	AR 30–32	Description of how the effectiveness of measures or initiatives in achieving outcomes for consumers and end-users is monitored and evaluated

The organisation monitors and evaluates the effectiveness of its measures and initiatives using various methods. Safety campaigns are evaluated using a combination of traffic safety statistics and campaign reach and attendance statistics. Website traffic statistics and the frequency of using tools for communicating suggestions and concerns provide foundational data for the development of initiatives and public information processes.

In the field of energy, the organisation also monitors and regularly evaluates its measures and initiatives to achieve results as outlined in the

document 'Implementation of the Action Plan of the Energy Strategy'. Regular evaluation of the condition and wear of buildings, as well as their accessibility, is another important aspect of assessing the effectiveness of the measures.

Evaluating action plans within the safety system of the railway operator and the system of the railway transport operator, as well as assessing quality targets and evaluating hazards during operating of the railway and/or railway transport, are additional key processes utilized by the organisation to assess the effectiveness of its measures.

ID	AR	Title
S4-4_08	AR 37–38, AR 40	Description of planned or ongoing measures to mitigate material risks arising from impacts and dependencies on consumers and end-users and how their effectiveness is monitored

The organisation implements several measures to mitigate material risks arising from impacts and dependencies on consumers and end-users. These measures include the purchase and installation of lifting platforms and regular meetings with organisations representing people with special needs, including consultations on technical solutions. The organisation also conducts passenger satisfaction surveys and, if

necessary, provides simplified questionnaires as required.

Another measure is the shortening and streamlining of railway closures and capacity restrictions, which contributes to minimising impacts on consumers and end-users. The organisation also implements the Railway Infrastructure and Railway Transport Operation

Safety Management System, which is described in the document **SŽ SMS Manual Railway Infrastructure and Railway Transport Operation Safety Management System of the State-Owned Organisation Správa Železnic**, annex D. This system also includes the preparation of the document **Assessment**

and Evaluation of Hazards in Operating of the Railway and/or Railway Transport.

The effectiveness of these measures is monitored and evaluated through regular inspections and assessments of the condition and building wear and their accessibility.

ID	AR	Title
S4-4_09	–	Description of planned or ongoing actions to leverage material opportunities in relation to consumers and end-users

The organisation is implementing several planned and ongoing actions to leverage material opportunities related to consumers and end-users. These measures include continuing the development of smart passenger information tools. The organisation also plans to continue collaborating with entities outside the railway transport sector, whose expertise helps shape the image of railway transport as a reliable, environmentally friendly and safe mode of transport.

Additional measures include construction modifications to access roads, station buildings, and other elements of the transport route, such as platforms, elevators, and staircases. The implementation of these measures is continuously monitored. The organisation also strives to provide information well in advance about closures to both carriers and railway passengers.

ID	AR	Title
S4-4_10	AR 29	Disclosure of whether and how it is ensured that the undertaking's own practices do not cause or contribute to material negative impacts on consumers and end-users

The organisation consistently ensures that its practices do not cause or contribute to material negative impacts on consumers and end-users through various measures. Without the interconnection of legislation and requirements, it would not be possible to obtain an occupancy permit and properly use the building. This means that all construction projects must comply with strict legislative requirements, ensuring they are safe and suitable for use.

Another measure is the effort to coordinate track closures in a way that minimizes traffic disruption. When it involves major track closure, the line in question is closed, which, however, enables faster repairs, shorter closures, and thus greater convenience for the consumer.

ID	AR	Title
S4-4_11	–	Disclosure of material issues and incidents in the field of human rights associated with consumers and/or end-users

For the year 2024, the organisation reports no material issues or incidents in the area of human rights.

In the event that inappropriate behaviour by our employee or supplier is reported, for

example, in the vicinity of construction activities or at the station, the matter is routinely forwarded for investigation to the relevant regional directorate.

ID	AR	Title
S4-4_12	–	Disclosure of resources allocated to managing material impacts

The organisation allocates various resources to manage material impacts. Within the communication department, there are approximately 6 FTE employees in direct contact with the public. Within SŽ Facility, there are approximately 2 FTE. Resources for operational man-

agement are regularly published as part of the Financial Statements.

3.4.3 METRICS AND TARGETS

S4-5 – Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities

ID	AR	Title
S4.MDR-T_01-13	AR 43–45	Objectives related to managing material impacts, risks and opportunities in relation to consumers and end-users [see ESRS 2 – MDR-T]

The organisation has several targets related to managing material impacts, risks and opportunities in relation to consumers and end-users. From a safety perspective, the goal is a long-term trend of year-on-year reductions in injuries on railway. This target is crucial for ensuring passenger safety and minimising risks associated with railway transport.

comfort for all users. The trend in space rental, in terms of revenue and efficient use, is regularly set as part of the objectives and is continuously evaluated.

Another target involves construction modifications to access routes, station buildings, and other elements of the transport route, such as platforms, lifts and staircases. These adjustments are aimed at improving accessibility and

The targets also include enhancing railway performance, creating suitable conditions for carriers, facilitating easier coordination of track closures, and ensuring smoother traffic management within railway nodes. These targets focus on enhancing the overall efficiency and reliability of railway transport, providing benefits for both carriers and passengers.

ID	AR	Title
S4.MDR-T_14-19	–	Disclosures to be provided if the undertaking has not adopted targets

The organisation has adopted objectives.

ID	AR	Title
S4-5_01	–	Disclosure of whether and how consumers and end-users were directly involved in setting targets

The organisation ensures that consumers and end-users are directly involved in setting targets through several actions. The purchase and installation of lifting platforms and regular meetings with organisations representing individuals with special needs include consultations on technical solutions, ensuring that their opinions and needs are considered when setting targets.

In the field of construction, for instance, during the reconstruction of the section Vlkov u Tišnova – Křižanov, carriers regularly provided feedback and addressed the appropriateness of track closures, demonstrating that their opinions and comments are considered during the planning and implementation of projects.

ID	AR	Title
S4-5_02	–	Disclosure of whether and how consumers and end-users were directly involved in monitoring performance in relation to the targets

The organisation ensures that consumers and end-users are directly involved in monitoring performance in relation to the targets through several actions. Statistics on the number of accidents and incidents are actively used as part of two-way communication within safety campaigns. Carriers regularly monitor the

measures taken and are involved through discussions between the company and themselves as end-users. In this way, their opinions and feedback are taken into account when monitoring performance and achieving set targets.

ID	AR	Title
S4-5_03	–	Disclosure of whether and how consumers and end-users were directly involved in identifying lessons learned or improvements resulting from the undertaking's performance

Consumers and end-users play a crucial role in the process of identifying lessons and improving the performance of the undertaking. The organisation regularly conducts customer satisfaction surveys, which provide valuable insights into their experiences and expectations.

4 Information on governance

4.1 Business conduct (ESRS G1)

4.1.1 GOVERNANCE

ESRS 2 GOV-1 – The role of the administrative, supervisory and management bodies

ID	AR	Title
G1.GOV-1_01	–	Disclosure of the role of the administrative, management and supervisory bodies in relation to business conduct

The role of the Supervisory Board is defined by **Act No. 77/2002 Coll.**

ID	AR	Title
G1.GOV-1_02	–	Disclosure of the expertise of the administrative, management and supervisory bodies in matters of business conduct

The Director General must be qualified in accordance with **Act No. 266/1994 Coll., Act on Rail Systems.**

The members of the audit committee meet the expertise requirements mandated by national legislation.

The Supervisory Board consists of a chairperson, a vice-chairperson, and other members appointed based on their expertise and experience in the field of transport and railway infrastructure. The entire process is governed by **Act No. 353/2019 Coll., on the Selection of Persons to the Management and Supervisory Bodies of Legal Entities with State ownership Interest** (referred to as the 'Nomination Act').

4.1.2 IMPACT, RISK AND OPPORTUNITY MANAGEMENT

ESRS 2 IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities

G1-1 – Business conduct policies and corporate culture

ID	AR	Title
G1.MDR-P_01-06	–	Established principles for managing its material impacts, risks, and opportunities related to business conduct and corporate culture [see ESRS 2 MDR-P]

The organisation has issued documents for this area:

- **Code of Compliance Programme of Správa Železnic.**
- **The Code of Ethics**, which establishes corporate culture. The web link to the Code of Ethics is also included in contracts so that every business partner can become familiar with it.

The aforementioned documents are published on the **organisation's website**.

Furthermore, an internal regulation for Fulfilling the Obligations of the **Railway Infrastructure Operator** according to the **Regulations concerning the International Carriage of Dangerous Goods by Rail** is implemented into the **Safety Plan of Správa Železnic, Státní Organizace, for the Transport of High-Risk Dangerous Goods**. The purpose of this safety plan is to establish conditions for minimising the possibility of misuse of high-risk hazardous materials for terrorist purposes and the occurrence of accidents and incidents related to the transportation of dangerous goods. The subsequent documents to the **Safety Plan of Správa Železnic, Státní Organizace**, are local safety plans, which serve as its specification

for local conditions within the defined territorial jurisdiction.

Risks associated with the transportation of hazardous materials are identified and assessed, and measures are implemented to minimise them, including emergency plans and procedures for emergencies. The aim is to minimise the negative impacts of transporting hazardous materials on the safety of individuals, property and the environment.

Principles of crisis management and process continuity are also implemented, encompassing preparation for crisis situations and incidents through plans and procedures for rapid response, aiming to provide continuous services.

The organisation also establishes standards for the physical security of critical infrastructure elements and workplaces of our employees through internal regulations, aiming to ensure their safety and hinder intruders from accessing key facilities. Security is ensured in publicly accessible areas of railway stations, and monitoring security workplaces are being established in cooperation with organisational units.

ID	AR	Title
G1.MDR-P_07-08	–	Disclosures to be reported in the event that the undertaking has not adopted policies

The organisation has adopted policies.

ID	AR	Title
G1-1_01	AR 1	Description of how the undertaking creates, develops, supports, and evaluates its corporate culture

The description of how the organisation creates, develops, supports, and evaluates its corporate culture is provided in the internal regulation **Code of Compliance**, which adheres to the principles established by the Office of the Government of the Czech Republic and relevant ministries in the fight against corruption, as well as other legal requirements.

Corporate culture is systematically improved based on the results of internal control, for example, through findings from internal audits.

Updates to the Code of Compliance and **Code of Ethics** are made as necessary, and employees are regularly trained through e-learning, where the success of tests is also evaluated on a point basis.

ID	AR	Title
G1-1_02	–	Description of the mechanisms for identifying, reporting, and investigating concerns about unlawful conduct or conduct that violates the Code of Conduct or similar internal rules

The issue is addressed by the internal Compliance Officer according to the **Code of Compliance Programme of Správa Železnic**, which is published on the organisation's website.

ID	AR	Title
G1-1_03	–	No anti-corruption or anti-bribery policies have been implemented in accordance with the United Nations Convention against Corruption.
G1-1_04	–	Implementation timetable for anti-corruption and anti-bribery policies in accordance with the UN Convention against Corruption

The organisation has established an anti-corruption and anti-bribery policy in accordance with the United Nations Convention against Corruption.

ID	AR	Title
G1-1_05	–	Disclosure of guarantees for whistleblowing, including protection against retaliation

The guarantees are stated in the **Code of Compliance Programme of Správa Železnic**, which is published on the organisation's website.

ID	AR	Title
G1-1_06	–	No whistleblower protection policies are implemented
G1-1_07	–	Timetable for the implementation of policies for the protection of whistleblowers of unlawful acts

The organisation has implemented whistleblower protection policies.

ID	AR	Title
G1-1_08	–	The undertaking commits to investigating incidents of business conduct promptly, independently and objectively

The framework of procedures for follow-up actions related to whistleblower notifications is outlined in the **Code of Compliance Programme of Správa Železnic**.

ID	AR	Title
G1-1_10	–	Information on the training policies within the organisation regarding business conduct

The issue concerns all employees of the organisation, and they are regularly trained once a year through e-learning. Employees have access to the full documents and are required to familiarize themselves with them. The Supervisory Board is trained during legislative changes.

ID	AR	Title
G1-1_11	–	Disclosure of functions most at risk of corruption and bribery

All managerial positions within the organisation are considered functions at risk of corruption. The fundamental reason is the fact that their contact information is publicly available.

G1-2 – Management of relationships with suppliers

ID	AR	Title
G1-2_01	AR 2–3	Description of the policy for preventing delayed payments, especially to small and medium-sized enterprises

Internal policies are based on the applicable legislation of the Czech Republic and the application of principles of responsible public procurement. The internal company directive **SŽ SM053 Public Procurement** has been updated to include a chapter on responsible procurement, and a continuously updated Catalogue of Responsible Procurement Elements has been created, which contains a set of requirements for the properties of the delivered supplies in the environmental and social areas.

One of the recommended elements of responsible procurement in construction works is the requirement for equitable payment terms within the supply chain. This requirement is part of the standard contractual documentation, particularly for construction works, and stipulates that

the supplier commits to agreeing with other entities involved on their side in the execution of the work, who are entrepreneurs (hereinafter referred to as 'Contractor's contractual partners'), the same or shorter payment terms for tax documents as those agreed upon in the contract with the organisation. The organisation has the option to request contractual documentation to verify compliance with this obligation. This requirement was applied in a total of 894 contracts concluded by the organisation in 2024.

Furthermore, the issue is also regulated by the confidential document **Economic Rules of Správa Železnic**, which sets the conditions for payments to suppliers.

ID	AR	Title
G1-2_02	AR 2–3	Description of approaches regarding relationships with suppliers, considering risks related to the supply chain and impacts on sustainability matters

The organisation is a public contracting authority pursuant to Section 4 of **Act No. 134/2016 Coll., on Public Procurement**, which predominantly awards public contracts in the performance of relevant activities pursuant to **Section**

153, Paragraph 1, Letters c) and f) of this Act. From the perspective of European legislation, the following are particularly relevant for public procurement: **Directive 2014/24/EU of the European Parliament and of the Council of**

26 February 2014 on Public Procurement and repealing **Directive 2004/18/EC**, and **Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on Procurement by Entities Operating in the Water, Energy, Transport, and Postal Services Sectors** and repealing **Directive 2004/17/EC**. Public contracts not awarded through a procurement procedure under **Act No. 134/2016 Coll., on Public Procurement**, are governed by the provisions of the internal directive **SŽ SM053 Public Procurement**. The above-mentioned documents are binding for the organisation and must be adhered to when selecting suppliers.

In 2022, the organisation implemented a qualification system for public procurement in accordance with the internal directive **SŽ SM053 Public Procurement**. The main reason for its implementation is the anticipated simplification and acceleration of the public procurement process for both the organisation and its suppliers. The contracting authority will define specific typical performances from its portfolio of public contracts for which it intends to establish a qualification system and classify them into individual

ID	AR	Title
G1-2_03	AR 2–3	Disclosure of whether and how social and environmental criteria are taken into account in the selection of suppliers

Social and environmental criteria are applied when selecting suppliers. The organisation is obliged to comply with the provisions of **Section 6, Paragraph 4 of the PPA**, and therefore must adhere to the principles of socially and environmentally responsible procurement, provided it is appropriate given the nature and purpose of the contract, when establishing procurement conditions, evaluating bids and selecting a supplier. To this end, a chapter on responsible procurement has been incorporated into the internal directive **SŽ SM053 Public Procurement** and a continuously updated **Catalogue of Responsible Procurement**

categories into which suppliers can apply for inclusion. Suppliers included in the system no longer need to provide proof of qualification in individual public contracts, as they have already demonstrated the required qualifications when being included in the qualification system. Within the project for implementing the qualification system, sector-specific public contracts were included in the pilot deployment of the system. These contracts are not issued according to the Public Procurement Act but rather in accordance with the internal company directive **SŽ SM053 Public Procurement**. Thus, these are predominantly sectoral sub-threshold public contracts. The experiences with the operation of the system are overwhelmingly positive, as it is evident that there is a significant time saving in procurement processes for both the organisation and the suppliers. It is also possible to observe an increase in the number of received offers.

The organisation plans to further develop the qualification system and expand it to include additional public procurement subjects, using it as one of the tools for managing the supply chain.

Elements has been created, which includes a set of requirements regarding the environmental and social characteristics of the supplied goods and services. In addition to fulfilling these requirements, suppliers are continuously engaged in individual cases through preliminary market consultations for specific public contracts or, for example, through targeted thematic meetings on systemic procedures in public procurement (e.g. issues related to the qualification system).

Below is a comprehensive list of social and environmental criteria applied in 2024:

Table 13 – Applied elements of responsible procurement in 2024

Applied element of responsible procurement	Number of uses
Support for SMEs in the role of subcontractors – equal payment terms	894
Compliance with labour law regulations and prohibition of illegal work	333
Support for decent working conditions and occupational safety	307
Evaluation of the number of disadvantaged individuals in the labour market involved in fulfilling public contracts	276
Requirement for the involvement of a specified number of disadvantaged individuals in the labour market in fulfilling the public contract	127
Remuneration above the minimum level set by law	105
Division of public contracts into smaller parts	67
Requirement to recycle aggregate recovered from the railway bed	45
Other (elements not listed in the Catalogue)	28
Certification of goods (e.g., Ecolabel)	15
Initiation of the public procurement by addressing social enterprises	11
Obligation to collect packaging materials	10
Preliminary market consultations	9
Certification of PC assemblies and laptops	5
Certification of cleaning agents supplied to Správa železnic	4
Certification of cleaning agents used by cleaning service providers	4
Obligation to supply a concentrated agent	4
Obligation to use a concentrated agent	4
Obligation to sort waste	4
Requirement for materials with a lower environmental impact	4
Furniture certification	3
Assignment of a below-threshold public contract to the Prison Service of the Czech Republic	3
Ban on the use of single-use dishes and cutlery, waste minimisation	2

G1-3 – Prevention and detection of corruption and bribery

ID	AR	Title
G1-3_01	AR 5–6	Information on established procedures for preventing, detecting and addressing allegations or incidents of corruption or bribery

Procedures for preventing, detecting, and addressing allegations or cases related to corruption and bribery are established in accordance with national legislation and are detailed in the internal regulation **Code of Compliance programme of Správa železnic**.

ID	AR	Title
G1-3_02	–	Disclosure of whether the investigators or investigating committee are separate from the chain of management involved in the matter

For response, see [G1-3_01](#).

ID	AR	Title
G1-3_03	–	Information on the process of reporting results to administrative, management and supervisory bodies

For response, see [G1-3_01](#).

ID	AR	Title
G1-3_04	–	Disclosure of plans to adopt procedures for preventing, detecting, and addressing allegations or incidents of corruption or bribery in the absence of any procedure

The organisation has adopted plans.

ID	AR	Title
G1-3_05	–	Information on how the undertaking communicates its policies to those for whom they are relevant to ensure that the policies are accessible and that they understand their implications

The contractual documents always include a reference to the **Code of Compliance** and **Code of Ethics**, ensuring that all subjects are informed.

ID	AR	Title
G1-3_06	–	Information on the nature, scope, and depth of offered or required anti-corruption or anti-bribery training programmes

Initial and regular ongoing training sessions for employees are conducted at both the employee and organisational management levels. The framework content of the training is established in the **Code of Compliance**. Training sessions are conducted in the form of e-learning as well as in-person as part of the awareness activities of the Compliance Officer. Compliance officers independently pursue additional education according to current needs.

ID	AR	Title
G1-3_07	AR 4	Percentage of risk functions covered by educational programmes

The organisation does not focus solely on risk functions – all employees are required to undergo training through e-learning.

ID	AR	Title
G1-3_08	–	Information about members of administrative, supervisory and management bodies related to anti-corruption or anti-bribery training

The Director General, as an employee of the organisation, undergoes annual training via e-learning. Members of the Supervisory Board are trained approximately once every two years. They have the opportunity to participate in professional conferences and seminars.

4.1.3 METRICS AND TARGETS

G1-4 – Confirmed incidents of corruption or bribery

ID	AR	Title
G1.MDR-A_01-12	–	Action plans and resources for managing material impacts, risks and opportunities related to corruption and bribery [see ESRS 2 – MDR-A]

Action plans are prepared by the Government of the Czech Republic, elaborated by individual ministries, and adopted by Správa železnic as an organisation.

ID	AR	Title
G1.MDR-A_13-14	–	Disclosure to be notified if the undertaking has not taken measures

The organisation has adopted measures.

ID	AR	Title
G1-4_01	–	Number of convictions for violations of anti-corruption and anti-bribery laws

During the monitored period, no convictions occurred.

ID	AR	Title
G1-4_02	–	The amount of fines for violations of anti-corruption and anti-bribery laws

During the reporting period, no fines were imposed for violations of anti-corruption and anti-bribery laws.

ID	AR	Title
G1-4_03	AR 8	Prevention and detection of corruption and bribery

The organisation has implemented a prevention system established in the **Code of Compliance** and the **Code of Ethics**. **In the event of a breach of procedures and standards, responsive measures are taken in accordance with the internal regulation.**

G1-6 – Payment practices

ID	AR	Title
G1-6_01	–	Average number of days for invoice payment from the date the contractual or statutory payment period begins

Operational invoices have a payment term of 30 days.

The payment term for other invoices according to the standard business terms is set as follows:

- Project services exceeding the limit – payment term 60 days;
- Construction works – sub-threshold implementation – payment term 60 days;

- Construction works – implementation of the above-threshold red FIDIC;
 - Interim payment due in 30 days;
 - Final payment due in 60 days;
- Interim payment due in 30 days;
- Final payment due in 60 days;
- Construction works – P+R above-threshold yellow FIDIC;
 - Interim and final payment due within 60 days.

ID	AR	Title
G1-6_02	AR 16–17	Description of standard payment terms of undertakings in number of days by main categories of suppliers

Organisations typically stipulate a payment term of 30 days for tax documents in their contractual conditions. In the case of investment construction projects in the field of modernisation, the payment terms for tax documents are generally 60 days, which is justified by the nature of the obligation, where:

- the subject of such a contract is the execution of a comprehensive and extensive project;
- payments for completed work are drawn from public funds, which are subject to

an increased requirement for verifying their correctness and justification, associated with a longer and more complex administrative approval process;

- before settling the tax document, it is necessary to verify that all invoiced works have been carried out properly, with quality, and to the extent corresponding to the contract (including the project documentation) and the relevant tax document, and the settlement usually includes a large number of items.

ID	AR	Title
G1-6_03	–	Percentage of payments in compliance with standard payment terms

For the year 2024, 95.26 % of invoices were paid in accordance with the standard payment terms. Delays in payments are typically caused by the tranche distribution of investment resources, late invoice delivery by the supplier, approval delays, or holdups in resolving document complaints.

ID	AR	Title
G1-6_04	-	The number of legal proceedings currently outstanding for late payments

No legal proceedings took place due to delayed payment.

ID	AR	Title
G1-6_05	-	Disclosure of contextual information related to payment practices

The organisation did not employ any methodology that would require additional context.

List of annexes

Annex No. 1 – List of data points and chapters included by reference (see BP-2_20)

EU	Data Point IDs/Chapters
EU Action Plan 'Towards Zero Pollution for Air, Water and Soil'	S3.MDR-P_01-06, S3-1_06,
Action Plan for Noise Mitigation Measures on Railway Tracks	S3.MDR-A_01-12,
Safety Plan of Správa Železnic, Státní Organizace for the Transport of High-Risk Hazardous Materials	S2.MDR-P_01-06, S3.MDR-P_01-06, G1.MDR-P_01-06,
BOZP BP1	S1-1_09,
BOZP BP2	S1-1_09,
BOZP BP3	S1-1_09,
Carriers operating on the railway network	SBM-1_25,
EIA	E2.IRO-1_03, S3.SBM-3_07,
Energy Policy and Energy Strategy	E1.MDR-P_01-06, E1-2_01, E1-4_01, S4.MDR-A_01-12,
Code of Ethics	Chapter 2. Environmental information – Basic principles, S1.SBM-3_04, S1.SBM-3_05, S1.MDR-P_01-06, S1-1_10, S1-3_02, S1-4_01, S4-3_01, G1-1_01, G1-3_05, G1-4_03, S1.MDR-P_07-08,
Information about the organisational structure, the composition of the Supervisory Board, the organisation's management and the Audit Committee	GOV-1_08,
Code of Compliance Programme	Chapter 2. Environmental information – Basic principles, S2-3_01, S2-3_02, S2-3_04, S2-3_06, S1-17_07, G1-1_01, G1-1_02, G1-1_05, G1-1_08, G1-3_01, G1-3_05, G1-3_06, G1-4_03, G1.MDR-P_01-06,

EU	Data Point IDs/Chapters
Concept for Managing Real Estate of Passenger Stations	S3.MDR-P_01-06,
Concept of Electric Traction Development in the Czech Republic	SBM-3_06, E1-1_03, E1-1_13,
Environmental Concept	E2.MDR-P_01-06, S3.MDR-P_01-06,
Contact information for Správa železnic, státní organizace	S3-3_11, S4-3_01,
Manual for Cultivated Stations	S3-5_03,
Memorandum of Cooperation on Railway Accident Prevention	S3.MDR-P_01-06,
Ministry of Justice of the Czech Republic – Submitting a Notification	S1-3_05,
National Action Plan for Clean Mobility	E1.MDR-P_01-06, E1-4_22,
Undesirable Conduct and Combating Corruption	S1-3_06, S1-3_09, S1-3_10,
GDPR Data Protection	S1.SBM-3_04, E2-4_01,
Business Activity Plan of Správa Železnic	SBM-1_01, SBM-1_25,
Corporate Collective Bargaining Agreement (unable to locate on the Správa železnic website, alternative source used)	S1-4_05,
Work Regulations of Správa železnic	S1.SBM-3_04, S1.MDR-P_01-06, S1-1_06, S1-1_10, S1.MDR-P_07-08, E2-4_01,
Government Programme Statement	GOV-3_04,
QHLAS web application	S1-3_05,
Regulations for the International Transport of Dangerous Goods by Rail	S2.MDR-P_01-06, S3-1_04, S3-1_05, S4.MDR-P_01-06, G1.MDR-P_01-06,
Strategy for Sustainable and Smart Mobility – Putting European Transport on Track for the Future	E1.GOV-3_03, E1.IRO-1_01,
Strategy of the State-Owned Organisation Správa Železnic	GOV-1_14, GOV-3_04, SBM-1_23, SBM-2_10, S1.SBM-3_05, S2.MDR-A_01-12, S3.MDR-T_01-13,
Sustainability Strategy	GOV-1_14, GOV-3_04, SBM-1_21, SBM-1_23, SBM-2_10, E1-1_02, E1.MDR-P_01-06, E1-3_03, E1-3_04, E5-3_01, E5-3_13, S3.MDR-P_01-06, S3.MDR-T_01-13,

EU	Data Point IDs/Chapters
SŽ SM011 Construction Documentation of Správa Železnic, Státní Organizace	E2.IRO-1_01, E2-3_09,
SŽ SM05 Public Submissions	S3-2_08, S3-3_16, S3-4_02, S4.MDR-P_01-06, S4-2_03, S4-2_06,
SŽ SM053 Public Procurement	SBM-2_04, E1.MDR-P_01-06, E5.MDR-P_01-06, S2.MDR-P_01-06, G1-2_01, G1-2_02, G1-2_03,
SŽ SM079 Control of Unwanted Vegetation	E2.MDR-P_01-06, E2-1_01, E2-1_02,
SŽ SM096 Directive for Waste Management	E5.IRO-1_01, E5-1_01, E5-1_02, E5-5_17, S3.MDR-P_01-06, E2.MDR-A_01-12, S3-4_02,
SŽ SM103 Resolution of Environmental Damage Incidents	E2.MDR-P_01-06, E2-1_01, E2-1_03,
SŽ130 Corporate Sustainability Reporting Directive in ESG Criteria according to European Sustainability Reporting Standards	GOV-1_10, GOV-1_14, GOV-5_01, IRO-1_11, IRO-1_12, IRO-1_13,
Resolution of the Supervisory Board	GOV-1_15,
Internal regulations	S2-4_07,
Annual Report	SBM-1_01, SBM-1_06, SBM-1_22,

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Identification and contact details



Name of organisation
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Postcode 110 00

Date of incorporation
Legal form

1 January 2003
State-owned organisation, Entry in the Register
of Companies maintained by the Municipal Court in
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