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To get the latest on the Railponsible initiative, please visit: http://railponsible.org/
Message from the Chair

Looking back to the first year of Railponsible—Jeroen Wegkamp, Chairman 2015-16

One of the rail sector highlights of 2015 is without a doubt the launch of the Railponsible initiative last March at the headquarters of the Dutch Railways (NS) in Utrecht. Together with more than 100 key players from the global railway industry, i.e. operators, infrastructure providers, suppliers, NGOs and other stakeholders, the six founding members launched the initiative.

Sustainability is one of the key drivers of the NS strategy as well as of most rail-related companies. In order to reach our (joint) sustainable goals, it is necessary that both, rail companies and suppliers work together in the railway supply chain. There is simply no other way.

That is why NS and the other Railponsible members are so committed to making Railponsible a success. The initiative makes it possible to work together effectively and to develop a common language and focus on sustainability issues, thus enhancing the actual sustainability performance.

I am very proud that, since the start of the initiative, we have reached all of Railponsible’s targets. Within the Railponsible initiative we have now assessed more than 400 suppliers!! Railponsible has set the standard aimed at improving sustainability in the international railway sector.

Although the members of Railponsible all have different backgrounds and their own strategic goals, making the railway sector more sustainable is a topic that we all share. At times it is hard work, but I am personally convinced that if we proceed with the same focus, drive, and passion as we did last year, we will certainly be even more successful in the future. I am personally convinced that if we proceed with the same focus, drive, and passion as we did last year, we will certainly be even more successful in the future. I am very happy that Mr. Olivier Baril (CPO Alstom) is now taking over the chair of Railponsible. His personal commitment is very inspiring and I am sure that Mr. Baril will guide the way to further success.

Looking ahead: Railponsible’s future strategy—Olivier Baril, Chairman 2016-17

First of all I would like to thank Jeroen for the great impetus given to Railponsible. His dynamism and strong convictions contributed to the success of this initiative. I proudly succeed him as I share his enthusiasm, but I can say that the whole Alstom management team is committed to contribute to the initiative, as it integrates flawlessly into the core values of Alstom, now refocused on rail transport.

For the second year of Railponsible as of April 2016, it is my intention to preserve the strong common link among Railponsible members that makes our discussion and sharing of approaches and best practices so valuable.

Then, one of my priorities is to continue to structure the initiative and to develop our expertise related to the railway sector’s sustainability in order to progressively create our own model, that fits with the global stakes and growth of the railway sector and making it a differentiating factor compared to other industries.
I expect that the initiative can attract more members to extend their sustainability culture to the whole supply chain, supporting its development by raising the added value it brings but also ensuring the standards are widely known and further developed.

For that purpose we intend to offer membership to new companies having the same focus. This will be made feasible with the great support of our partner BSR, which helps us to comprehend today and tomorrow’s stakes regarding Corporate Social Responsibility (CSR) in our industry. We will continue to work in close cooperation with railway organizations like UNIFE, ERPC, UITP, and UIC with the clear target of lifting and harmonizing our common ambitions.

As one of the goals of this joint initiative is to simplify our supply chain assessment process, we will take the opportunity to listen to the feedback of our suppliers and see where we can improve the approach. I also would like us to find a way to reward suppliers that are showing leading sustainability practices. We will continue to accompany suppliers who need support to improve their sustainability performances with benefits for both buyers and suppliers. This constructive quest for sustainability enhancement for the sake of both companies is the very core of Railponsible.

We will sharpen our internal processes to embed CSR as an important selection criteria for tenders and make sure every new member commits to bringing this criteria at the right level of his organization’s priorities. Let’s expect this to happen and expand starting 2016-17, while being motivated, but also pragmatic, to keep it ambitious but simple.

The day when, on the one hand, suppliers will deliberately ask to be assessed on their CSR performances, and on the other hand, customers will select railway solutions among transport technologies because the industry’s supply chain better corresponds to the customers sustainability values, will be a great proof of achievement. To make this happen, the next step is to share the 2020 vision on Railponsible among the members and develop the related roadmap.

In the short term, the next important event on the agenda is to welcome SKF as the seventh company joining our group, putting sustainable sourcing high on the agenda.
Launch of Railponsible

Railponsible was launched by the six founding member companies - Alstom, Bombardier Transportation, Deutsche Bahn, Knorr Bremse, Nederlandse Spoorwegen and SNCF – on March 4 2015 in Utrecht, The Netherlands. The event was covered by industry’s leading media and news platforms and was attended by approximately 100 people including key note speakers such as Jean-Pierre Loubinoux, Director General of the UIC, and Farid Yaker, lead of the Sustainable Public procurement Programme at the UNEP, suppliers, other interested companies and organizations,

The launch event explored the unique opportunities and challenges of the railway industry global supply chain and how a collaborative initiative can drive the continuous improvement of sustainability practices of the railway value chain. The six founding members signed the Charter to officially launch Railponsible and invited other companies and suppliers in the rail industry to join.

In an interview following the launch event, Michael Boback, head of internationalization at Deutsche Bahn, explained the background of Railponsible from a Deutsche Bahn perspective: “Initially, we were very interested in how other companies manage sustainability in their supply chains because we were just starting to integrate sustainability into our own supplier-management approach. And when we started to talk to our peers, it became apparent that sustainability is very relevant for all industry players — from operators to system integrators to suppliers.”
Supplier assessment campaigns at a glance¹

Overview of Results

428 Suppliers scored for Railsponsible leveraging EcoVadis assessment platform

Global average score

48.5/100

Supplier size

Small: 12% (<50 employees)
Medium: 53% (50-999 employees)
Large: 35% (999+ employees)

Top countries covered

#1 Germany
#2 France
#3 Netherlands
#4 USA

Performance of top 3 industries covered

- Manufacture of railway locomotives and rolling stocks: 48/100
- Manufacture of electronic components and boards: 49/100
- Manufacture of general-purpose machinery: 45/100

Distribution of overall Score improvement

Among all suppliers assessed for Railsponsible, 207 suppliers have been scored several times by Ecovadis. Based on the re-assessments, one can observe that 70% of Railsponsible suppliers have improved their performance compared to their previous scoring – for the overall Ecovadis benchmark the figure stands at 67%.

Breaking down companies by size, it is interesting to note that 75% of small and medium companies (less than 1 000 employees) are improving their practices – outperforming the overall Ecovadis benchmark (66%).

¹ Data presented reflects Railsponsible’s progress as of May 10th 2016 while the first year of work for Railsponsible ended in March 2016.
Members’ testimonies

To offer some insight to strategic business perspectives and the importance of Railponsible to members, Uwe Guenther, Chief Procurement Officer, DB, and Hartmut Sievers, Management Central Purchasing, Knorr-Bremse, were interviewed by BSR in April 2016.

How do you integrate sustainability considerations into your procurement strategy?

**Guenther:** Our group strategy DB2020 aims at becoming a profitable market leader, a top employer, and an eco-pioneer by 2020. We want to create a lasting balance between economic, social, and environmental interests. Therefore, sustainability requirements are by definition an increasingly important element of the procurement strategy of DB and of its subsidiaries.

We believe that sustainable procurement is a key driver of value for both business and society as a whole. Hence, we have defined principles of CSR and integrated them into our Code of Conduct for Business Partners and our procurement policies. Beyond our own value chain, together with our suppliers, we also consider environmental and social standards across the entire supply chain. Thus, the integration of sustainability standards in our procurement strategy implies the anchoring in product group strategies, an effective standardised Supplier Management process, and the CSR assessment of selected suppliers.

More specifically, our standardised Supplier Management process comprises four interlinked phases: Supplier Qualification, Supplier Development, Supplier Appraisal, and Supplier Adjustment. The two first phases are aimed at qualifying suppliers before their participation to a DB tender, which includes complying with CSR requirements.

**Sievers:** Knorr-Bremse aims for sustainable value creation. For us this means achieving long-term economic success while, at the same time, acting responsibly toward all business partners as well as the environment and society. Knorr-Bremse consequently works on developing innovative products and solutions that combine a high degree of customers’ value with a contribution to sustainable development. Sustainability became an integral part of today’s market requirements that needs to be reflected in the overall long-term business strategy throughout the entire company.

In 2010, Knorr-Bremse signed the UN Global Compact, with its ten principles that set international standards for companies in the fields of human rights, labor rights, environmental protection, and anti-corruption. In combination with Knorr-Bremse’s corporate values, its CSR Policy, and the UITP Charter on sustainable development, the ten principles of the UN Global Compact provide the basis for Knorr-Bremse’s activities and commitment to sustainability. Railponsible, with its CSR Assessment of the supply chain, is a further step that insures a comprehensive and systemic evaluation and further development of sustainability standards.

What are the advantages of a collaborative initiative?

**Sievers:** The high awareness and growing importance of more sustainable railway solutions has encouraged six leading rail companies to establish a pioneer initiative in order to set and achieve challenging, common targets. Being a member of this initiative, we all profit from best-practices-sharing as well as access to a pool of suppliers’ CSR assessment results. Within the railway supply chain, Railponsible sets a common and systemic CSR-assessment approach to enable synergies and develop a common understanding of CSR in line with the UN Global Compact.
Railsponsible enables the cooperation on different corporate levels. Chief Procurement Officers have the unique chance to exchange their ideas, information, and sustainability best practices. Complementary to that, we have an Operational Working Group that aims to build consensus on a technical level and shares insights on the implementation of sustainability actions, e.g. CSR supply chain assessments. This pioneer collaboration of senior management and procurement level staff offers synergy effects as no other rail industry initiative does.

With new members joining the initiative, another advantage of Railsponsible comes into play: Slowly but steadily, the Railsponsible approach will become standard approach in the rail sector.

**From a strategic procurement perspective, what has been the main impact of Railsponsible during its first year?**

**Guenther:** The first year mainly helped us increasing the awareness for sustainability, both internally and externally. It allowed us to learn what others are up to, to evaluate how strong our position is as a company and as an industry initiative, and to work towards a better positioning. Through a number of meetings, we have shared and improved our missions, visions and commitments.

**Sievers:** Railsponsible has been introduced as a new, integral standard of Supplier Management. As of 2016, CSR assessments—participation and score—will become a Supplier Assessment Criteria within Knorr-Bremse, and will influence significantly the classification of the strategic suppliers. The assessment and the supplier classification sustainability—represented by the CSR assessment—will further influence our company supplier portfolio.

**How does your company’s procurement strategy benefit from Railsponsible?**

**Sievers:** Our purchasing team has been given a new target to improve the sustainability practices in the supply chain. Railsponsible members pursue the goal of being pioneers in the rail industry, as well as having state-of-the art, not only rail products and systems, but also business processes and tools. The latter ensures the fulfillment of the new CSR standards that are going to be a part of the future railway market requirements. Our customers ask more and more frequently for sustainability activities and statements on, for example, diversity, REACH, or conflict minerals. In this respect, Railsponsible is also a selling point.

**Guenther:** For DB, the most important point is that we have the opportunity to interact with various representatives and share information on sustainability from different perspectives within the rail industry. Simultaneously, it is a chance to review our procurement strategy on the basis of new insights. In this way, Railsponsible helps us fulfil what we see as “social obligation” and to create more transparency and trust, thus getting closer to the goals set in our DB2020 strategy.

**How do the results of the supplier assessment inform your procurement strategy?**

**Guenther:** In procurement the CSR concept, including the supplier assessment, is part of our risk management and is based on a multi-level analysis process. Our CSR mission statement says: “We procure from suppliers operating according to sustainable principles.” As a first step, suppliers are assessed based on defined standards, with regards to their compliance with human rights, labour standards, environmental protection, and activities to combat corruptions, for example.
Currently, we’re exploring the next step: how to handle the assessment’s results. For the moment, we’re piloting the integration of CSR assessments into our process of supplier development, into our qualification process, and into our tender procedures as a bonus criterion. Our experience from this exercise will help us define a standard procedure within the coming years.

Sievers: All the suppliers have to align to the corporate sustainability standards reflected in all of the stages of the supplier development process:

- During the supplier selection process: fulfillment of Supplier Audit’s or Supplier Self-Assessment’s CSR criteria and compliance with the knock-out CSR criteria related to child labor, modern slavery, or corruption, as considered in the supplier risk assessment
- During supplier ramp-up: alignment to the UN Global Compact by signing the Master Supplier Agreement
- During the rest of the supplier lifecycle: assessment and fulfillment of CSR criteria, which are integrated into supplier performance assessments and by the influence the supplier strategy

At Knorr-Bremse, all these measures ensure a tangible and systemic integration of the CSR requirements into the Supplier Development process.
Key achievements of the first year of work

Author: Christoph Karge (BSR)

Developing and growing the initiative

After the formal foundation of the initiative in early 2015, the six founding members, Alstom, Bombardier, DB, Knorr-Bremse, NS, and SNCF with the support of BSR, set up a solid governance structure and laid out KPIs with the aim to create commitment and closely track the results and performance of Railsponsible. For some details on the governance structure, see the figure below.

The six founding members recently welcomed SKF as a new member of the cooperative scheme. It is clear that by SKF joining Railsponsible, the initiative will gain some ground in the tier 2 rail supply chain and has ambition to grow membership reaching ten members in the year to come.

Results of the supplier assessment campaign

The Supplier Assessment Campaign, managed by EcoVadis is an essential part of Railsponsible offering members valuable insights into their supply chain. With the end of the first Railsponsible year in March 2016, nearly 430 suppliers have been scored, and results are showing a very satisfying level of CSR performance. The average global score of Railsponsible suppliers stands at 49/100, outperforming the average global score of the EcoVadis database, 42/100.

As our analysis shows, within the Locomotives and Rolling Stock industry, suppliers of Railsponsible members are more mature with regards to environmental and social topics. As an illustration, 75 percent of Railsponsible suppliers are ISO 14001 certified, while overall only 50 percent of railway suppliers have obtained this international certification for environmental management systems. Fair business practices as well as sustainable procurement, however, are still areas where some room for improvement can be identified—compared to practices across all industry sectors.

It is also worth noting that suppliers’ performance varies between geographical regions: When it comes to overall CSR performance, North American and European suppliers (average score 52/100 and 49/100, respectively) are outperforming suppliers based in the Asia-Pacific region (44/100).

Communication

Railsponsible has been actively promoted by its members mainly through speaking engagements and the publication of Corporate and Annual Reports. BSR and member companies have actively promoted Railsponsible through more than 50 articles, e.g. SCM Journal, and participating in more than 30 events and/or external meetings where they have introduced the Initiative, e.g. Railway Forum Berlin. In 2015-16, the Railsponsible website had around 12,000 page views, also driven by the Quarterly Newsletter.
The supplier assessment campaigns

Supplier assessment campaigns: Value for members

Author: Vanessa Poisson-Quinton (SNCF)

Integrating supplier assessment results

When SNCF started its CSR supplier performance management program, it was a voluntary approach disconnected from the supplier selection process and from calls for tender score in SNCF’s qualification system. Since 2013, we have included contractual clauses in a number of contracts identified as being of strategic importance: The supplier agrees to provide an assessment either prior to the contract (score-based criteria) or a certain time after the contract was signed. Under these contracts, SNCF’s suppliers are also asked to put in place a progress plan and to conduct a second assessment if targets were not achieved. Since 2015, we have integrated EcoVadis scores for rail-specific procurement categories within our qualification system, as it is now part of the CSR criteria and therefore CSR score.

Using the results to drive improvements

We are looking at getting a good understanding of suppliers’ CSR performance. The CSR score gives us some primary information, but we are searching for more in-depth analysis. This is possible thanks to our commitment to support suppliers to make them progress. This enables us to gather further information beyond their score and identify together areas of improvement. We follow up their actions for improvement and re-assess their performance until at objective. This collaborative, continuous improvement process is the cornerstone of SNCF’s supplier performance management on CSR.

What we have learned is that one of the key success factors of assessment campaigns is to offer support to suppliers beforehand. This approach enables them to understand why SNCF requests a CSR performance and, above all, ensure they do pass the assessment and get a score that reflects their real performance. The information we provide includes explanation of the EcoVadis methodology, the importance of providing documents (proof), the necessity to prepare the assessment, the possibility to open the assessment to colleagues, etc. In terms of result analysis, we found that suppliers’ performance is quite good as the average score amongst all SNCF suppliers assessed is above EcoVadis’ risk management level of 45/100.

Sharing assessments with other Railsponsible members

The first advantage of the Railsponsible initiative is to be able to access the CSR scores quickly and easily, as long as the assessed company agreed to share its results with all Railsponsible members. As a consequence, it avoids suppliers needing to undergo the same assessment several times (for each member separately).

Another advantage is that the common database of suppliers allows us to identify potential new suppliers with a high CSR performance and benchmark them with SNCF’s existing suppliers. For us, Railsponsible is an additional, impactful vehicle to promote CSR within our organization, but also within the whole supply chain, ultimately benefitting all stakeholders.

Supplier assessment campaigns: Value of sharing for suppliers

EcoVadis interviewed Rob Jenkinson, Director Corporate Sustainability, SKF, in March 2016, just after the company decided to join Railsponsible as the seventh member company.
For SKF, what would you say are the benefits of the scorecard-sharing concept built in Railponsible?

**Jenkinson:** We appreciate the concept of bundling together customers’ requirements to gather customers’ questions on supply chain. We get a lot of questionnaires from customers ... many per year, but basically they ask for the same information. So it is not efficient for us to keep answering the same thing for each individually. The basic principle [of Railponsible] is to consolidate those needs and share the data amongst a larger group of customers.

**Having successfully passed the assessment, what is your take on the process?**

**Jenkinson:** It is a thorough survey, comprehensive and fairly up-to-date in terms of the topics that you are asking about. So actually we use your survey and others like the Dow Jones (DJSI) ... to demonstrate CSR functions to other company members that different stakeholders are looking at these issues, and that helps us to promote action or initiatives, so it is definitely part of the toolbox of a sustainability manager.

I appreciate the fact that the system has some attempt to sort of verify what we say: to gather documented evidence, and try to confirm what companies are saying. That is in contrast with other similar surveys [who do not verify].

**Has the assessment triggered change in CSR practices at SKF?**

**Jenkinson:** Generally speaking, transparency was pushed because you are requesting SKF to provide documentation, policies, etc. Traditionally we have been fairly hesitant to publish [many of these] things. Even if you don't publish it, we have to relax that position. I think that has happened. We are probably more transparent as a result of the information that has been asked [from us by EcoVadis].

**After having shared your CSR score with Railponsible, SKF decided to become member of initiative. Was that a strategic choice?**

**Jenkinson:** SKF as a company has had a strong focus on sustainability and social aspects for a long, long time, and we want to find ways to capture the value with our customers. In order to help customers and people working in supply chains to start to act, and to differentiate with sustainability performance as they do with quality performance and other aspects, you need data and you need a tool to be able to make those judgements in a relatively quantitative way; and that is what Railponsible/EcoVadis does.

We will start to use the assessments as a customer [to evaluate our suppliers]. I think that the whole approach of Railponsible—which is to go beyond just talking about sustainable value chain and actually try to put one together and use EcoVadis and other things to actually validate that and improve it—I think it is really important and rather unique in the industrial area.
Railponsible members at the February 2016 Leadership Meeting

Stefan BRAEUHERR (Knorr-Bremse)  Stefan BÜRKE (SNCF)  Jan GROTHE (DB)  Jeroen WEGKAMP (NS)  Samuel LEPOUTRE (Bombardier)  Bas VAN KEMPEN (NS)  Guislain WALLON (EcoVadis)  Olivier BARIL (Alstom Transport)  Rolf HAERDI (Knorr-Bremse)

Geneviève Bedin (SNCF)  Yvonne CONRADES (DB)  Roberta PINAMONTI (BSR)  Tara NORTON (BSR)  Amandine NOURELDIN (Alstom Transport)
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About BSR

BSR is a global nonprofit organization that works with its network of more than 250 member companies to build a just and sustainable world. From its offices in Asia, Europe, and North America, BSR develops sustainable business strategies and solutions through consulting, research, and cross-sector collaboration.

Visit www.bsr.org for more information about BSR’s more than 20 years of leadership in sustainability.

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