Annual Report No. 3, 2017-2018

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

What Railponsible achieved in 2017-2018 — Uwe Günther, Chair, 2017-18

Sustainability is a main concern for the DB Group in general and for DB Procurement in particular. On the one hand, our contribution to sustainable development can only be successful with a strong supply chain. On the other hand, to have a real impact, DB cannot act alone. This is why DB decided to join forces with other railway operators and our suppliers, to create Railponsible.

One of my main goals for my time as Chair was, in accordance with the Railponsible 2020 strategy, to drive harmonization in our industry’s approach to sustainable performance assessment. This year we have taken a step in that direction by issuing a common climate position paper. But we still have a long way to go. Some of the main challenges for all members are the limited resources dedicated to sustainability management and the difficult coordination of central and decentral procurement functions when it comes to sustainability.

We are pushing the growth of the initiative and have succeeded in the year 2017-18 in welcoming a new member, the Italian railway infrastructure company RFI. After the close of the “Railsponsible year” in June 2018, CAF and SNCF/NMBS have been approved as new members and other companies are in the process of joining.

As the initiative grows, we have also acknowledged the need for a new governance structure, which we are currently developing. While EcoVadis remains our main partner, we now accept new members using other CSR assessment providers.

We have also learned that we need to keep a clear focus and a real commitment to share knowledge and best practices within the initiative. It is important that we use concrete examples of successful sustainable procurement and pass the learnings to the other members.

Looking ahead: Railponsible in its forth year — Stefan Bürkle, Chair, 2018-19

I am very proud to accept the honour of representing Railponsible in 2018-2019. Thank you to those who have appointed me and to my three predecessors: Jeroen Wegkamp (NS), Olivier Baril (Alstom), and finally Uwe Günther (DB). I fully subscribe to the path they have set and the ambition that each member shares of bearing our commitment and our common responsibility between railway operators and industrial companies for a more sustainable rail sector overall.

During these three years, Railponsible has welcomed new members to take concrete actions. The coming year will allow us to capitalise on our collective practices and experiences, and to develop operational tools that are available to our teams but also to our suppliers, who frequently ask for support.

Our shared responsibility as major contract partners commits us to suppliers. We want to support them in their efforts, promote good practices, and honour those who have demonstrated their performance and their
willingness to progress. I'm looking forward to meeting them in Berlin during the InnoTrans trade show in September 2018.

Another important issue for Railsponsible is to adapt its governance to maintain and guarantee efficiency and agility in a context of strong membership growth.

I am enthusiastic and confident about the ability of each of us to continue the mission we have set ourselves: to advance collectively the CSR performance of the rail industry.
Our Initiative at a Glance

**EUR 36bn**
Total procurement spend of Railponsible members

**11**
Companies are part of Railponsible, ranging from suppliers to system houses to railway operators

**41%**
of member procurement spend has been covered by CSR assessments

**859**
Suppliers have participated in the Railponsible assessment program.

**11**
Speaking engagements by members to talk about Railponsible during 2017/2018
Second Railsponsible CSR Award for Suppliers

Railway Forum, Berlin, August 30, 2017

The 2017 Railsponsible Supplier Award went to Harting, a supplier of connectors and device connection technology that has shown outstanding, longstanding performance on sustainability management and climate change activities. To read an interview we conducted following the award session with Gisela Eickhoff, Executive Advisor at Harting, click here.

From left to right: Uwe Günther, CPO DB, Dr. Richard Lutz, CEO DB, Philip Harting, CEO Harting, and Gisela Eickhoff, Executive Advisor Harting.
The shared Supplier Assessment Campaign, managed by EcoVadis and contributed to by each ‘Railponsible A Member’, is an essential part of Railponsible and offers valuable insights into members’ supply chain sustainability performance.

As of March 2018 (at the end of the Railponsible year 2017-18), a total of 859 suppliers had been scored. Results on average show a very satisfying level of CSR performance: the average global score of Railponsible suppliers stands at 53/100, outperforming the average global score of the EcoVadis database, which stands at 42/100.

Suppliers that have responded to the Railponsible campaign tend to be more mature than suppliers in other sectors, particularly regarding environmental and social topics. As an illustration, their ISO 14001 certification level is 2% higher than in other industries. Railponsible suppliers also generally perform significantly better on management of environmental practices, with an average score in this area that is nearly 25% above the global average.

Supplier performance varies among geographical regions: on overall CSR performance, North American and European suppliers (average score 56/100 and 51/100, respectively) are outperforming, for example, suppliers based in China (37/100).

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1 Data presented reflects Railponsible progress as of March 31, 2018.
Of the suppliers assessed for Railsponsible, 487 suppliers have been scored several times by EcoVadis. The reassessments show that 63% of Railsponsible suppliers have improved their performance compared to their previous scoring (the EcoVadis benchmark for this is 67%). While 19% of Railsponsible’s suppliers have decreased in score and 18% have been stable in their performance, 31% of suppliers have increased their scores by up to 5 percentage points (above the EcoVadis average of 26%). Please see the figures below for more detail.

**Figure 2 - Distribution of overall score improvement**

![Distribution of overall score improvement](image)

**Supplier Engagement Has Increased**

As described in more detail in the chapter above ("Railsponsible’s Ongoing Supplier Assessment Campaign"), Railsponsible has strongly increased the number of supplier assessments over the course of 2017/18, with 859 companies scored (up from 555 companies in the previous year). This brings great value to our members and suppliers.

For purchasing departments, this means that a growing number of suppliers provide insights on their ESG practices using a standardized, comparable format. Suppliers can save time and resources by filling out the questionnaire only once and sharing it with all Railsponsible member companies.

For more information and updates on Railsponsible’s activities, please visit our website.
Railponsible Membership Has Grown

This year, we welcomed RFI and (just recently) CAF and SNCB/NMBS as new members. This growth will help us to get further traction among the railway industry, including railway operators, rail infrastructure companies, and manufacturing companies. Today Railponsible can count on the commitment and participation of 11 members.

Edgardo Greco, former CPO at RFI, explained the ambition of his company and RFI’s motivation for joining Railponsible: “both rail operators and suppliers can contribute to create a more responsible, sustainable supply chain, towards an even better rail manufacturing, more focused on crucial aspects such as environmental impact and social aspects – and not just quality and costs besides quality and costs only.” Read the full interview here.

For more on our Membership Model see here.
Railponsible Consolidated View on Tackling Climate Change

After several months of preparation, Railponsible is proud to announce that its “Position Paper on Climate” is live. Members decided to develop a common stance on tackling climate change and to agree on basic commitments and actions which they think should be implemented by all companies in the railway sector.

Members of Railponsible support the Paris Agreement adopted at COP21 and its goal of limiting the increase in global average temperature to well below 2°C, while pursuing efforts to limit the increase to below 1.5°C. Businesses need to transition from an often defensive role to a role in which they actively drive solutions.

Our Members are convinced that the transport sector, as one of the few sectors where greenhouse gas emissions are still rising, must acknowledge its responsibility. Although the picture varies significantly by transport mode and geography, the direction for rail as one of the cleanest modes of transport is clear: railway operators, system houses, and organizations within the vast rail supply chain need to contribute more towards climate change mitigation.

Our position paper is designed to help railway companies and their suppliers to set targets and act upon them. Its aim is to set out Railponsible’s expectations towards its members, its business partners, and the wider industry, and to provide guidance and suggestions for how all companies in our industry can take climate action. The paper also includes a summary of individual company commitments made by our members on climate change mitigation. In publishing these commitments, we hope to show what good climate practice for the rail sector (including the rail supply chain) might look like.

Based on our analysis, we have identified three key climate commitments that are relevant to and supported or adopted by most Railponsible members. We recommend that the following commitments be incorporated into railway sector companies’ climate strategies and sustainable sourcing approaches:

- Commit to Ambitious Renewable Energy Target
- Commit to Ambitious Energy Productivity Target
- Commit to Make Available Climate Change Information

The members of Railponsible encourage every company and business partner in the sector to adopt these climate commitments and to design a climate strategy around them. To help with this, our position paper provides some details and practical steps for business partners on setting up a climate strategy and climate targets, as well as on governance, management, and procurement.

With regards to procurement (Railponsible’s main focus area), Railponsible members will strive, where relevant, to translate the above three commitments into award criteria for tenders in their individual procurement processes.

We are looking forward to engaging with stakeholders in the railway industry, and especially our business partners, on these climate commitments. We hope that the position paper starts a discussion on how the railway sector can do more to tackle climate change.
A BSR Collaboration

BSR provides executive leadership and secretariat support for Railponsible. BSR is a global nonprofit business network and consultancy dedicated to sustainability. BSR Collaborations bring together more than 400 companies, spanning multiple sectors and geographies, to strengthen company performance, improve markets and industries, and contribute to systemic change for a more just and sustainable world. Visit www.bsr.org/collaboration to learn more.

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