SNCF Sustainable Procurement & Global Performance

Olivier MENUET
Vice President, Sustainable Procurement
SNCF (French Railways)
Sustainable Procurement & Global Performance at SNCF (French Railways)

Agenda
- Organization of Sustainable Development
- Strategic objectives for Sustainable Procurement (SusPro)
- Organization of SusPro
- Key Performance Indicators (KPI’s) of SusPro
- Results of SusPro after 4 years of implementation
- SusPro operational implementation
- Value of SusPro:
  • Global value
  • Value for the Business
  • Value for the Environment
  • Value for the Society
  • Value for the Suppliers and other Stakeholders
- Conclusion
Sustainable Procurement & Global Performance at SNCF (French Railways)

Agenda

- Organization of Sustainable Development
  - Strategic objectives for Sustainable Procurement (SusPro)
  - Organization of SusPro
  - Key Performance Indicators (KPI’s) of SusPro
  - Results of SusPro after 4 years of implementation
  - SusPro operational implementation
  - Value of SusPro:
    - Global value
    - Value for the Business
    - Value for the Environment
    - Value for the Society
    - Value for the Suppliers and other Stakeholders
- Conclusion
Who we are?

30,000 railways km
15,000 trains per day
3,029 stations in France
2,450,000 employees
Presence in 120 countries
136 million passengers every day
4th European Freight operator and 7th in the world
Turnover: 32.6 Billion Euros
Organization of Sustainable Development

President
Guillaume PEPY

SNCF VOYAGES
SNCF INFRA
SNCF PROXIMITES
SNCF GARES & CONNEXIONS
SNCF GEODIS

5 BU’s with Sustainable Development leaders

SUSTAINABLE DEVELOPMENT

FINANCE & PROCUREMENT

VP of SUSTAINABLE DEVELOPMENT

VP of SUSTAINABLE PROCUREMENT

UIC Sustainability Conference - SNCF Sustainable Procurement / Olivier Menuet - Venice, 26th October 2012
Sustainable Procurement & Global Performance at SNCF (French Railways)

Agenda

- Organization of Sustainable Development
- Strategic objectives for Sustainable Procurement (SusPro)
  - Organization of SusPro
  - Key Performance Indicators (KPI’s) of SusPro
  - Results of SusPro after 4 years of implementation
  - SusPro operational implementation
- Value of SusPro:
  • Global value
  • Value for the Business
  • Value for the Environment
  • Value for the Society
  • Value for the Suppliers and other Stakeholders
- Conclusion
Sustainable Procurement: 6 strategic objectives

- **Reduce our environmental footprint**
  (taking care of products lifecycle)

- **Reduce our greenhouse gas emissions**
  (buying less energy consuming products, reducing the carbon footprint of our upstream supply chain)

- **Control the impacts on health & society**
  (selecting suppliers addressing these impacts)

- **Integrate a broader responsibility**
  (reducing CSR risks and improving our suppliers’ CSR performance)

- **Contribute to social value creation**
  (developing solidarity sourcing and fair trade procurement and enhancing business with SME’s)

- **Lead the transformation towards a Responsible Performance**
  (developing collaborative relationships with our suppliers)
Sustainable Procurement & Global Performance at SNCF (French Railways)

Agenda
- Organization of Sustainable Development
- Strategic objectives for Sustainable Procurement (SusPro)
- Organization of SusPro
- Key Performance Indicators (KPI’s) of SusPro
- Results of SusPro after 4 years of implementation
- SusPro operational implementation
- Value of SusPro:
  - Global value
  - Value for the Business
  - Value for the Environment
  - Value for the Society
  - Value for the Suppliers and other Stakeholders
- Conclusion
Procurement organization

- **CPO**
- 10 Central Procurement Departments
- 7 Local Procurement Departments

Sustainable Procurement team of experts to support Procurement Operations
Sustainable Procurement: organization

VP SUSTAINABLE PROCUREMENT
Olivier Menuet

Governance, Strategies and Tools
- Dashboard, KPI's, Expert tools, Measure and Piloting, Training
- CSR integration in category strategies and call for tenders
- Management of suppliers' CSR risks
- Cadès network animation

Solidarity sourcing and fair trade procurement
- Solidarity sourcing (disabled workers)
- Insertion by the economic activity (persons remote from the employment)
- Faire Trade procurement
- Piloting & reporting the objectives

Environment & Health
- Environmental and statutory expertise
- Prevention of chemical and sanitary risks
- Application of the REACH Directive
- Management and valuation of waste and products at the end of life

SME Policy
- SME Pact
- Sustainable Procurement Commitments
- Mediation
  mediateurPME@sncf.fr
- Contact with SME
  contactPME@sncf.fr

Local network
- Implementation of Procurement policy in the teams
- Advise, training, communication with procurement team
- Quantitative and qualitative follow-up of CSR integration in Procurement

UIC Sustainability Conference - SNCF Sustainable Procurement / Olivier Menuet - Venice, 26th October 2012
Sustainable Procurement & Global Performance at SNCF (French Railways)

Agenda

- Organization of Sustainable Development
- Strategic objectives for Sustainable Procurement (SusPro)
- Organization of SusPro

- Key Performance Indicators (KPI’s) of SusPro
- Results of SusPro after 4 years of implementation
- SusPro operational implementation
- Value of SusPro:
  - Global value
  - Value for the Business
  - Value for the Environment
  - Value for the Society
  - Value for the Suppliers and other Stakeholders
- Conclusion
Sustainable Procurement KPI’s

4 KPI’s:
- Change management
- % of Procurement Category strategies complying with CSR stakes
- % of call for tenders including CSR criteria
- Solidarity sourcing procurement (€)

UIC Sustainability Conference - SNCF Sustainable Procurement / Olivier Menuet - Venice, 26th October 2012
Sustainable Procurement & Global Performance at SNCF (French Railways)

Agenda

- Organization of Sustainable Development
- Strategic objectives for Sustainable Procurement (SusPro)
- Organization of SusPro
- Key Performance Indicators (KPI’s) of SusPro
- Results of SusPro after 4 years of implementation
- SusPro operational implementation
- Value of SusPro:
  - Global value
  - Value for the Business
  - Value for the Environment
  - Value for the Society
  - Value for the Suppliers and other Stakeholders
- Conclusion

UIC Sustainability Conference - SNCF Sustainable Procurement / Olivier Menuet - Venice, 26th October 2012
Sustainable Procurement: 2011 Results

35% of Procurement Category strategies revised by integrating CSR stakes

28% of call for tenders include CSR criteria

25M€ Solidarity Sourcing (disabled workers)

15,4M€ Benefits for SNCF (more 4,4 M € for the civil society) = Community involvement valuation

UIC Sustainability Conference - SNCF Sustainable Procurement / Olivier Menuet - Venice, 26th October 2012
Agenda

- Organization of Sustainable Development
- Strategic objectives for Sustainable Procurement (SusPro)
- Organization of SusPro
- Key Performance Indicators (KPI’s) of SusPro
- Results of SusPro after 4 years of implementation
  - SusPro operational implementation
- Value of SusPro:
  - Global value
  - Value for the Business
  - Value for the Environment
  - Value for the Society
  - Value for the Suppliers and other Stakeholders
- Conclusion
Sustainable Development stakes in Procurement

**Buyers**

« *How we buy* »
Tools, Processes, Methods, KPI's, dashboards
Lifecycle approach/TCO

**Suppliers**

« *From whom we buy* »
CSR suppliers performance
CSR risks management
Solidarity & fair trade procurement
Facilitation towards SME's

**Products/services**

« *What we buy* »
Responsible for the environment and the society

**SUSTAINABLE PROCUREMENT**

« *which contributes to global performance* »

UIC Sustainability Conference - SNCF Sustainable Procurement / Olivier Menuet - Venice, 26th October 2012
Sustainable Procurement & Global Performance at SNCF (French Railways)

Agenda

- Organization of Sustainable Development
- Strategic objectives for Sustainable Procurement (SusPro)
- Organization of SusPro
- Key Performance Indicators (KPI’s) of SusPro
- Results of SusPro after 4 years of implementation
- SusPro operational implementation
- Value of SusPro:
  - Global value
  - Value for the Business
  - Value for the Environment
  - Value for the Society
  - Value for the Suppliers and other Stakeholders
- Conclusion
Sustainable Procurement: Global value creation

- Mutually beneficial relations with our stakeholders and suppliers
- Better risk management
- Differentiation and development of innovative projects
- Limitation of negative impacts on the society and the environment
- Better adequacy of products to new market requirements
- Better resource management in raw materials and energy
- Guarantee of long-term competitiveness

SUSTAINABLE PROCUREMENT = Contribution to a Responsible Performance
Sustainable Procurement: Value for the Business

- Bidders TCO/TVO evaluation (in €) to choose the best offer considering lifecycle
- Additional technical criteria

Analysis of life cycle & TCO/TVO calculation to identify the key cost and value drivers ➔ SNCF & Suppliers shared value
New project: bidders will be evaluated on their upstream carbon footprint

Improvement action plan ➔ SNCF & suppliers carbon footprint improvement & energy consumption
Sustainable Procurement: Value for the Society

- Call for tenders to purchase the maintenance of shock absorbers was opened to solidarity sourcing
- Selected supplier employs 80% of disabled workers
- Commitment over a 3-years period with the supplier, representing 15% of SNCF’s needs
- The positive impact is the creation of approx. 40 jobs for disabled people

Developing SNCF’s contribution to social value creation
Sustainable Procurement: Value for the Suppliers & Stakeholders

- High level of trust in the relationship between SNCF & the suppliers
- Development of win / win relationships
- Elaboration of shared improvement plans (quality, costs, competitiveness, CSR…)
- Better involvement in innovative projects and co-development
- Better synchronization of experiences and resources
- Clear and open communication
- Shared value with long term ROI opportunity
- More attractive products as key factor of success

A new spirit and attitude in the relationship between SNCF & his suppliers

COLLABORATION = Responsible Performance driver
Sustainable Procurement & Global Performance at SNCF (French Railways)

**Agenda**

- Organization of Sustainable Development
- Strategic objectives for Sustainable Procurement (SusPro)
- Organization of SusPro
- Key Performance Indicators (KPI’s) of SusPro
- Results of SusPro after 4 years of implementation
- SusPro operational implementation
- Value of SusPro:
  - Global value
  - Value for the Business
  - Value for the Environment
  - Value for the Society
  - Value for the Suppliers and other Stakeholders

- Conclusion
Sustainable Procurement: a common objective

Sustainable Procurement could not be possible without a strong involvement of SNCF and its suppliers in the whole Rail network.
Thank you for your attention!

... any questions?

Olivier MENUET
Vice President, Sustainable Procurement
SNCF (French Railways)