



*the rail sustainable procurement initiative*

## **Governance Handbook**

### **Introduction**

This governance handbook describes the governance and decision-making processes for Railsponsible, providing an overview of the Railsponsible Membership model, and the two main Governance bodies, the Leadership Committee and the Membership Committee (and related sub-structures)

As needed, this document will be reviewed by the Membership Committee, considering any changes in size of the organization, potential future registration as an initiative independent of BSR, which currently acts as Secretariat of this initiative, or other changes that may affect a need for revisions to the governance structures. Any change will need to be approved by the Leadership Committee



## A. Membership model of Railsponsible

### 1. Membership structure

Railsponsible is open to all railway operators and companies across the railway industry value chain, along with key industry associations, that share its vision, mission and commitments.

Membership of Railsponsible is divided into the following classes:

- Regular members
- Associate members

### 2. Regular members

Regular members are companies across the railway industry supply chain.

#### *Regular members terms and conditions*

Upon joining Railsponsible regular members commit to the following terms and conditions.

#### General Commitments and Public endorsement

- Regular members publicly commit to the initiative including signing the Charter, thus endorsing its vision, mission and agreeing to the commitments upon admission to membership and thereafter as appropriate
- Regular members recognize and promote the initiative as the reference initiative for sustainable procurement in the railway sector, also through engagement and collaboration with suppliers through use of the system and the tools.

#### Meetings/governance

- Regular members participate in and contribute to the activities of the initiative.
- Regular members pay the annual membership dues or any other amounts payable that is agreed with the Membership Committee and the Leadership Committee<sup>1</sup>.
- Regular members participate to Railsponsible Governance bodies, including:
  - a. Identifying a primary contact for the Membership Committee to maintain continuity of company representation with the group over time and ensure adequate skills and decision-making capabilities
  - b. Considering nominating a relevant company representative for election as a member of the Leadership Committee
- Regular members attend a majority of the calls and in-person meetings. A maximum of two attendees per company will be present at each meeting. Substitutions are welcome at times.
- Regular members provide information for the purposes of the initiative quarterly KPIs tracking and external reporting and communication

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<sup>1</sup> The membership contract is a multi- year term contract, but with annual budget defined by the Membership Committee and the Leadership Committee and with invoicing

## Performance and Assessment

- Regular members have sustainability assessments cover at least 60% of relevant procurement spend, either through use of EcoVadis or another equivalent system.
- In case Regular members use other CSR assessments than EcoVadis, they demonstrate equivalence through the Railsponsible equivalence process.

### ***Regular members termination***

Membership may be suspended and then terminated if a Regular Member no longer meets the membership eligibility, i.e.:

- On failure to pay annual membership dues or any other amounts payable that is defined by the Membership Committee and the Leadership Committee;
- On violation of the Railsponsible Charter that would result in injury to the reputation of Railsponsible or its Members;
- On failure to meet the Regular members terms and conditions as included above

Members' progress is reviewed at least on an annual basis, at the last membership meeting of the Railsponsible year. The Membership Committee will review progress for all members and flag to the Leadership Committee attention any members who are not meeting the membership eligibility:

- A list of members with commitments that fail to meet eligibility will be shared with the Leadership Committee, who will decide on a recovery / improvement measure as appropriate.
- These members will be put on probation for the following Railsponsible year and will have the opportunity to demonstrate the eligibility in that following year.
- If they still do not meet the eligibility for two years in a row, membership terminates.

Termination of membership for any reason will not relieve the member from liability to pay in full any unpaid dues or other duly assessed fees or charges. No dues, fees or other charges already paid will be refundable on termination.

### **3. Associate members**

Associate members are organizations involved in the railway supply chain, such as trade, industry and other associations representing such businesses and other organizations with direct or indirect interest and involvement in the railway supply chain.

Associate members are not required to pay any membership fee and can participate and contribute to the collective action of Railsponsible through:

- Aligning on sustainability strategy and creating synergies
- Hosting /attending Railsponsible events / workshops / annual meetings
- Providing access and facilitating Railsponsible engagement and dialogue with their own networks
- Supporting Railsponsible communication and other type of direct and indirect engagement that can give Railsponsible visibility and legitimacy within the railway sector and sustainability "ecosystem".

#### 4. Secretariat

The Railsponsible Secretariat is responsible for progressing with Railsponsible's annual Scope of Work and strategic workplans (including Railsponsible strategy), ensuring good governance, and managing Railsponsible's day-to-day work, including with its members, third parties and external stakeholders.

The Secretariat role in particular entails fulfilling Fulfill the annual scope of work and activities through the provision of the following tasks:

- Undertake actions that support strategy and governance of the collaboration
- Provide facilitation and deliver actions that support implementation of defined activities
- Provide internal and external communications and stakeholder engagement service
- Engage in member recruitment and member services
- Provide administration services
- Provide fundraising and partnership development service

## **B. Governance Bodies**

### **Leadership Committee**

#### **1. Purpose**

1.1. The Leadership Committee is the senior governance body of the initiative, with the specific role to:

- Take relevant decisions related to the activities and actions of Railsponsible
- Provide oversight, strategic guidance and insight to the Membership Committee
- Represent the initiative to external stakeholders and potential new members as appropriate

#### **2. Decision making and rules**

2.1. The Leadership Committee will be responsible for the following decisions, in respect of the Antitrust statement:

- Appoint a Chair Person of the Leadership Committee
- Decide on changes of the Charter/Governance handbook
- Accept/reject new members on the basis of their ability to meet the commitments and terms and conditions
- Decide on termination of existing members upon Regular Members termination process as above described
- Ratify the decisions made by the Membership Committee, which will include the annual Scope of Work, the budget and membership fees
- Take or ratify other relevant decisions brought to the attention of the Leadership Committee by the Membership Committee

2.2. Meetings will require a quorum of two-thirds of the regular members present.

2.3. In case of absence Leadership Committee members can delegate to their respective Membership Committee representative to attend the meeting and vote on their behalf. When this happens, Leadership Committee members shall inform the Secretariat in advance.

2.4. Standard decisions will be made by the majority of those present at the meeting.

2.5. Decisions related to changing key governance documents (i.e. the charter, the governance handbook, etc.) will require supermajority of 75% of all Leadership committee members (e.g. if the Leadership Committee is formed of 7 members supermajority is 5 members)

2.6. Leadership Committee members will be informed in advance by the Secretariat about the relevant decisions to be taken during their meetings.

#### **3. Representatives**

3.1. The Leadership Committee shall be made up of maximum seven elected members.

3.2. Regular member's Chief Procurement Officers (CPOs) or other C-suite representatives are eligible for election to the Leadership Committee.

- 3.3. All Regular members shall consider nominating a company representative the Leadership Committee and nominations should be submitted by the companies CPOs or C-suite that will be eligible to take a seat at the Leadership Committee
- 3.4. There shall be balanced industry representation – railway operators and railway suppliers / manufacturer shall be represented at the Leadership Committee with at least 40% of the elected Leadership Committee members and in any case considering the overall balance of the Railsponsible membership base.
- 3.5. The names of the Leadership Committee members are published on the initiative website.
- 3.6. The Leadership Committee shall be led by a Chair Person
- 3.7. The Chair Person's role is to:
  - ensure that the Leadership Committee functions efficiently and in line with the initiative's rules and standards
  - ensure that there is full participation and during meetings
  - ensure that all relevant matters as planned in the meeting agenda are discussed
  - ensure that effective decisions are made and followed up
  - represent the Railsponsible Initiative vis a vis external stakeholder

#### **4. Leadership Committee term and election**

- 4.1. The Leadership Committee is elected for a two-year term.
- 4.2. The Leadership Committee election process takes place every two years (at the end of a Railsponsible year before March 31<sup>st</sup>.) The new Leadership committee will run from the following Railsponsible year (April 1<sup>st</sup>).
- 4.3. Leadership Committee election process will work as follows:
  - Election Process will be held in March, i.e. at the end of the Railsponsible year with the following timeline
    - a. Week 1: The Secretariat sends e-mail request for nominees to all members CPOs, C-suites or similar eligible for LC requesting statements with a brief description of their profile and what they want to achieve as members of the LC
    - b. Week 2: The Secretariat collects nominees and statements and organizes an anonymized web poll
    - c. Week 3: The Secretariat sends an email to inform all members about nominees received and with the link to the web poll – voters can express up to 7 preferences with at least 40% preferences for railway operators and 40% preferences for railway suppliers / manufacturers
    - d. Week 4: The Secretariat collects all votes and informs all voters about results of the election
- 4.4. In alternative years, an election will only be held if there are gaps in the Leadership Committee (e.g. due to resign from current role) that need to be filled to ensure there are seven members.
- 4.5. Following the election and confirmation of the elected members of the Leadership Committee, the Leadership committee appoints a Chair Person, who also serves for a two-year term.
- 4.6. Re-election is possible for both Leadership Committee members and the Chair Person

## 5. Meetings

- 5.1. The Leadership Committee has at least two meetings per year (one in-person and one by phone), one per semester. Further specifications will depend on the annual Scope of Work of the initiative
- 5.2. Regular members are invited to host the in-person meetings.
- 5.3. Leadership Committee meetings are restricted to Leadership Committee members (or their delegated representatives) and the Secretariat, present to facilitate and take notes.
- 5.4. Once a year, Railsponsible will have a forum for all members to meet and exchange on issues of importance to the Railsponsible membership.

## Membership Committee

### 1. Purpose

- 1.1. The Membership Committee has the responsibility to develop and enact the strategy for the initiative, develop an annual work plan of specific activities (so called 'scope of work'), and ensure the execution of the activities within the budget and time. In particular during the Membership Committee meetings members will share developments, report on activities of the Working Groups (see below) and gain input and will make decisions that require the full membership.

### 2. Decision making and rules

- 2.1. The Membership Committee will be responsible for the decisions and actions, in line with the Antitrust statement:
  - Define the draft annual scope of work, budget and membership fees to be approved by the Leadership Committee
  - Ensure that member companies contribute to the Railsponsible activities and supplier assessment program, thus meeting the established targets
  - Ensure the respect of the vision, mission and commitments from all members, including the effective implementation of the supplier assessments
  - Ensure the delivery of the budgeted activities according to the Scope of Work
  - Engage with the Secretariat of the initiative on the above topics and provides the relevant information for the external aggregated communication of the initiative
  - Engage with potential new members, external stakeholders and suppliers
  - Report to the Leadership Committee, and engage the Leadership Committee on specific relevant topics, when needed.
- 2.2. Members of the Membership Committee will be informed in advance by the Secretariat about the relevant decisions to be taken during these meetings.
- 2.3. Meetings will require a quorum of two-thirds of the regular members present.
- 2.4. Decisions will be made by majority of those present at the meeting, except for proposals to be brought forward to the Leadership Committee related to changing key governance documents (e.g. the charter) which will require unanimity

### 3. Representatives

- 3.1. Each Regular Member appoints one main representative. Additional members representative can be involved in meetings and activities (e.g. Working Groups) and as needed delegated to represent the company at the Membership Committee meetings
- 3.2. Representatives are the Company Head of CSR/Sustainability and/or head of Sustainable Procurement, and/or delegates of the company's CPO
- 3.3. Depending on the need, discussion items and decisions required, the Membership Committee meetings will be attended by a maximum of two persons per regular member.
- 3.4. Members will be responsible for ensuring that the attendees to the meeting have adequate skills and decision-making capabilities within their organizations.

### 4. Meetings

- 4.1. The Membership Committee will have three meetings per year, in-person or by telephone. Further specifications will depend on the annual Scope of Work of the initiative
- 4.2. Regular members are invited to volunteer to host in-person meetings.
- 4.3. Once a year, Railsponsible will have a forum for all members to meet and exchange on issues of importance to the Railsponsible membership.

### 5. Working Groups

- 5.1. The Membership Committee will establish Working Groups that are responsible for carrying out the tasks described in the scope of work or tasks related to the initiatives' organization. Working Groups may address for example, communication, membership, or strategic issues in the railway supply chain.
  - Each Working Group will define a charter which describes the mission, goal and scope of work of the working group
  - Every Railsponsible member is required to join at least one working group.
  - Participants of the Working Groups can be any representative from a member company
  - Each Working Group will have an appointed Lead.
  - Working Groups will be reviewed each year, to ensure the Working Groups are serving the needs of Railsponsible.