

# WHITE PAPER ON SUPPLIER RELATIONS



*Foncière des Régions*  
2015



# Preamble

Foncière des Régions has always considered tenants and key suppliers as business partners. This approach contributed to the group's success, rapid growth and the sustainability of its economic model. Foncière des Régions has assets in Île-de-France and in all major French cities. Its role is to help build sustainable cities and support economic and social development throughout the country.

In order to deliver high quality building and asset management services, Foncière des Régions uses the services of a wide variety of suppliers: independent craftsmen, small companies and also listed companies. In order to communicate and share its CSR values, Foncière des Régions designed a Responsible Purchasing Charter back in 2010 covering all office (development and management), logistics, parking (Urbis Park) operations as well as management spending.

Since November 2015, nearly 300 suppliers have signed Foncière des Régions' Responsible Purchasing Charter and have taken part in collective action: R&D, social initiatives, improvements in environmental and energy performance ...

The purpose of this paper is to introduce the charter, review its benefits and the achievements so far and consider perspectives for the future.

**Christophe Kullmann**  
*Chief Executive Officer*

# Contents

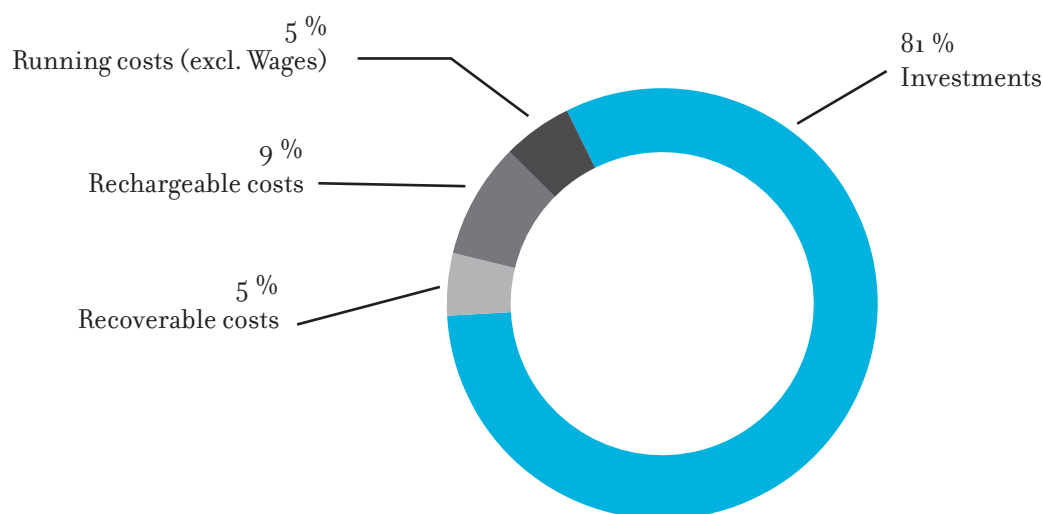
<i>Spending at Foncière des Régions</i>	<i>p.4</i>
<i>Responsible Purchasing policy at Foncière des Régions</i>	<i>p.5</i>
Key dates Key figures	
<i>Benefits of the Responsible Purchasing policy</i>	<i>p.12</i>
Territorial and economic benefits Use value R&D Social and Corporate initiatives	
<i>Perspectives for the future</i>	<i>p.17</i>
Outsourcing analysis Strengthened support for suppliers Signature of the Responsible Supplier Relations Charter	

# Spending at Foncière des Régions

Foncière des Régions uses the services of more than 3 000 suppliers every year. Spending can be as low as a few euros and as high as €24 million. These suppliers are independent craftsmen, small companies or big groups listed on the stock market. They all have different CSR policies and different levels of commitment. They come from a variety of industries: construction and civil engineering, facilities management, cleaning services, energy, market research, architects, solicitors, lawyers, IT....

By the end of June 2015, office operations at Foncière des Régions represented 62% of all its operations (respectively 44% in France and 18% in Italy). These assets are located mainly in Île-de-France and in the country's 10 biggest cities: Foncière des Régions has wide coverage across France as shown in a study carried out in 2014.

€383.6 million (excl. vat) were spent for the management of French office assets in 2014. The pie chart below shows that 5% of this amount is recoverable costs such as collective equipment and common areas. 9% will be charged back to the tenants in compliance with the terms of their contracts (council tax, tax on offices, insurance). Another 5% is due to Foncière des Régions' management costs (marketing or other running costs...). The remaining 81% represents investments for new or reengineered projects or important depreciable repairs...



# *Responsible Purchasing policy at Foncière des Régions*

Foncière des Régions wants to positively influence each of the phases in the life cycle of its assets: from design to management through to deconstruction.

Consequently, maintaining strong relations with suppliers is important. This is why Foncière des Régions designed a Responsible Purchasing Policy back in 2010. The idea is to promote sustainable development principles throughout the supply chain cycle for Foncière des Régions' office, logistics, parking operations and corporate Services.

Spending linked to insurance costs, banking costs, co-ownerships, tenants, taxes and licenses is excluded from the policy. But any amount over €200K relating to development and asset management as well as support services such as IT, outsourced services and consultancy services is covered by the policy.

Three key process changes support the implementation of the policy:

- 1 New clauses relating to commitment to CSR values have been added to all supplier contracts.
- 2 Every supplier will complete an assessment questionnaire so they can show how they perform against CSR principles: Governance, Social and Corporate initiatives and Environment. Most questions relate to general sustainability concepts; they are relevant to all industry sectors but account for the size and financial situation of each supplier – indeed, expectations are not the same for a one-man business and a publicly listed organization. Suppliers are allowed not to answer a particular question if they feel it is not relevant to their activity.
- 3 All suppliers are expected to perform against all 10 sustainable development principles.

The answers provided on the questionnaire are used to assess each supplier. They have to answer questions about CSR initiatives in their business; the questionnaire is also used to identify potential risk areas.

The Responsible Purchasing Policy backs up the principles detailed in Foncière des Régions' Ethical Charter regarding suppliers and promotes good business practice; for example, Foncière des Régions' accounts department has implemented an email system that tracks payment of suppliers' invoices. This helps prevent input errors and reduce payment processing timescales.

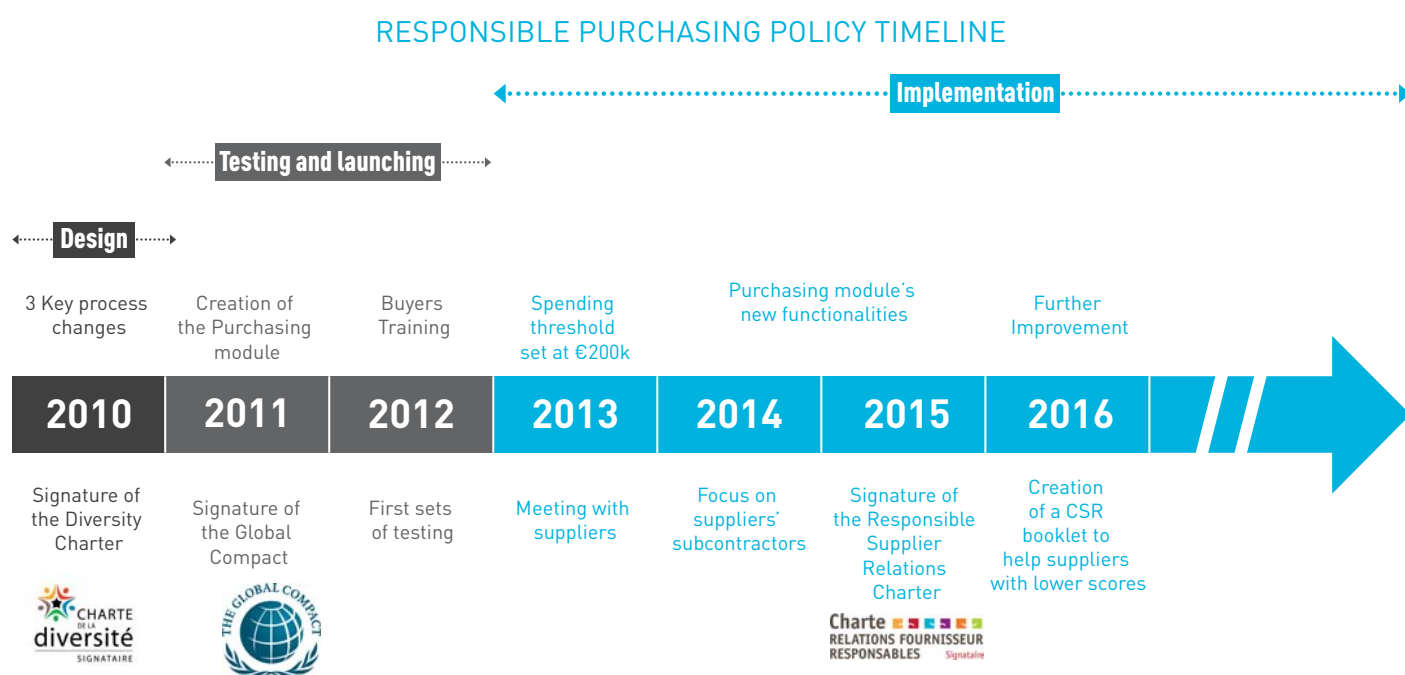
**Virginie Gatin**

**Quality and Sustainable Development Manager at JCDecaux**

“Foncières des Régions, along with other similar organizations, takes part in a Responsible Purchasing work group I facilitate as part of my work as a member of the C3D – Sustainable Development Managers network. During the work group sessions, it has become clear how important it is to have a responsible approach to purchasing. Indeed, it allows companies to manage risks along the value chain but it also helps select suppliers with serious CSR commitment in regards to environment and energy or social and corporate aspects. These suppliers tend to have higher quality products and services and tend to be more innovative. This shows that a sustainable development attitude and a Responsible Purchasing Policy can not only help any business in the achievement of their strategy but also improve their competitiveness.”

## ●●● KEY DATES

Foncière des Régions was the first organization in its industry sector to come up with a Responsible Purchasing Policy back in 2010/2011. It was one of the first European asset managers to adopt a structured process to manage purchasing. The timeline below shows the main phases of the implementation of the Responsible Purchasing policy:



## ●●● THE PHASES

### DESIGN PHASE

In order to better understand their suppliers' CSR practices and involve them further in improving performance against sustainable development demands, Foncière des Régions decided to create its own Responsible Purchasing policy in 2010. The policy was launched in 2011 with the purpose of sharing the group's values and promoting principles from the Global Compact, the International Labour organization and the Diversity Charter.

## **TESTING AND LAUNCHING PHASE**

Following successful testing involving a panel of suppliers, three key process changes were launched (the charter, the questionnaire and the contract clauses) supported by the purchasing module. The module was connected to the internal order processing system and staff members with purchasing authority received relevant training. As early as 2012, thorough checking confirmed that the information passed on by suppliers was accurate.

## **IMPLEMENTATION PHASE**

The purchasing module is regularly updated to reflect changes like the increase of the spending threshold. New functionalities are added so as to make it as relevant as possible to the business.

Since 2013, Foncière des Régions has carried on developing partnerships with suppliers through various social and corporate events.

Annual checks provide opportunities to discuss specific topics: for instance, the relationship between suppliers and their sub-contractors was considered more closely throughout 2014 and 2015.

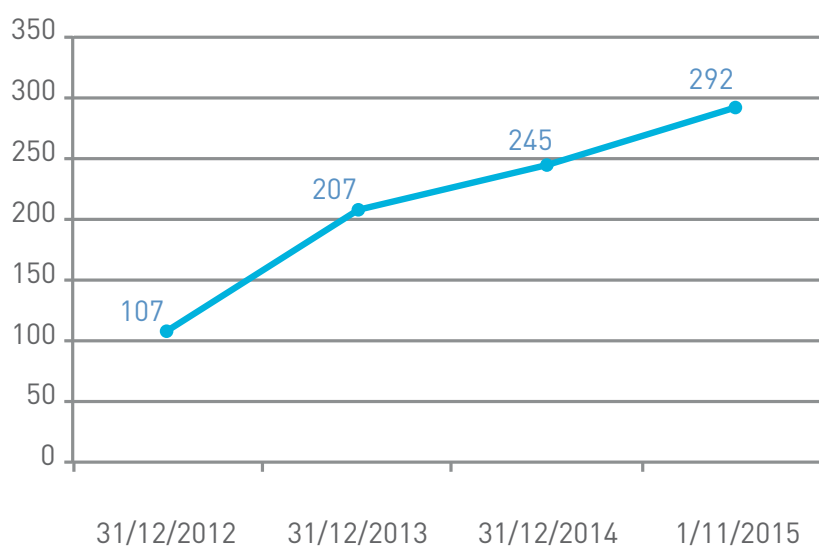
2015's landmark was signing the Responsible Supplier Relations Charter.

The CSR booklet will be available in 2016 and will recommend improvements for suppliers with lower scores.

## ●●● KEY FIGURES

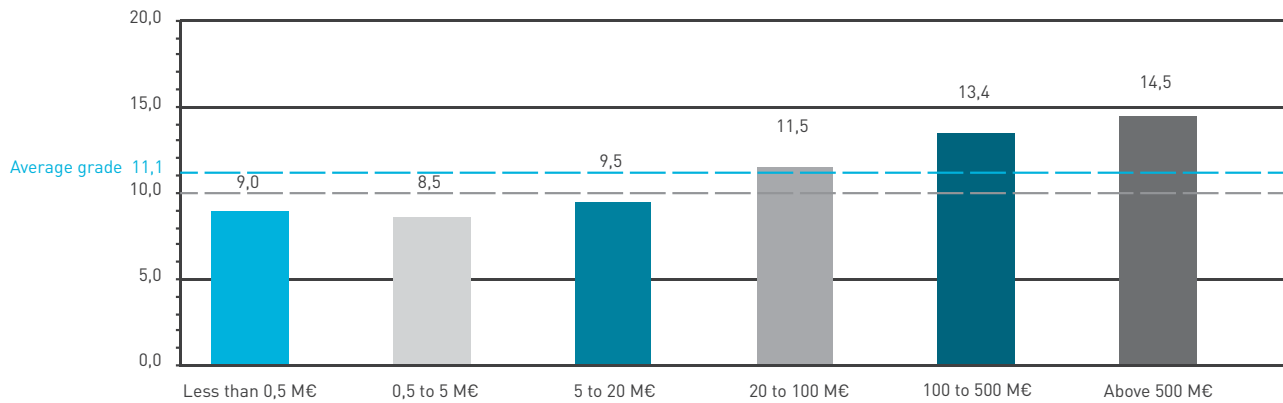
The purpose of the Responsible Purchasing policy is to encourage progress. The number of suppliers who go through the assessment has been constantly increasing since 2012. Out of the 415 suppliers interviewed, 292 filled in the questionnaire and signed the charter. These 292 suppliers accounted for 89% of Foncière des Régions' 2014 expenditure on Office, Logistics, Parking operations and general running costs.

NUMBER OF SUPPLIERS ASSESSED



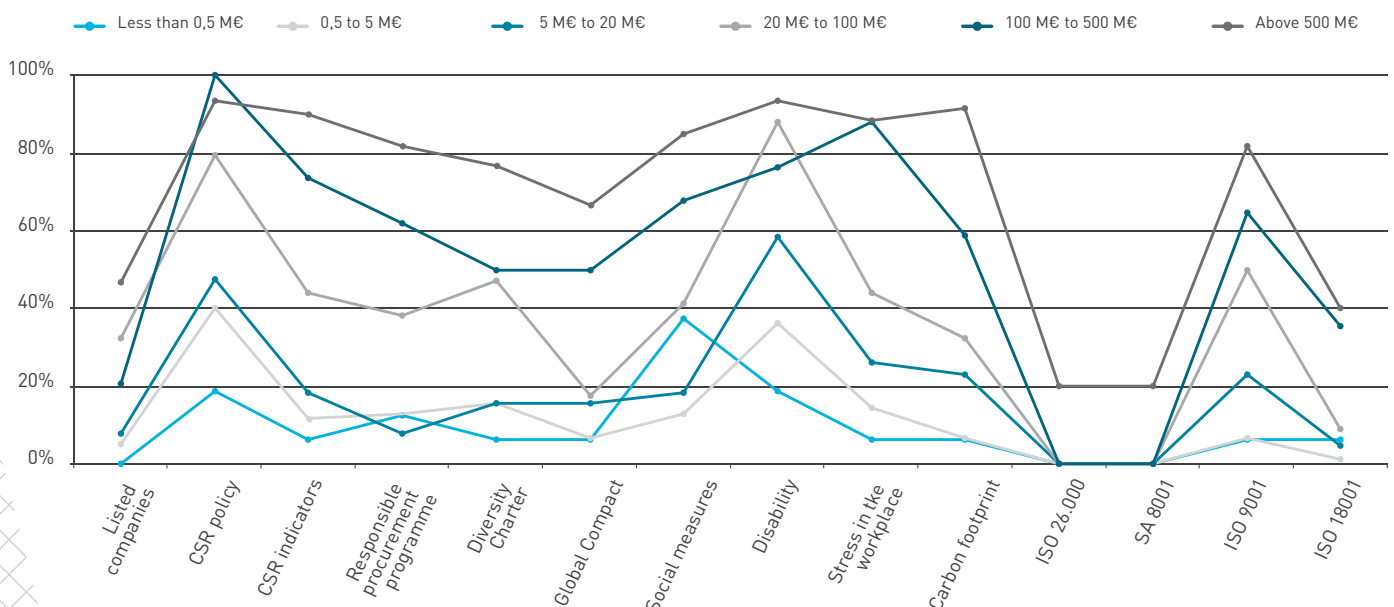
Each completed questionnaire is used to score the supplier relative to turnover and number of staff: the average grade was 11.1/20 in 2015 (vs 11.2 in 2014, 11.3 in 2013 and 11.5 in 2012). The average grade remains similar despite the increasing number of suppliers assessed as the graph below shows.

### AVERAGE GRADE AGAINST SUPPLIERS' TURNOVER AS OF 1/11/2015



Commitment to CSR values tends to be linked to turnover as shown in the graph below (includes all customers).

### CSR COMMITMENT AND TURNOVER CORRELATION



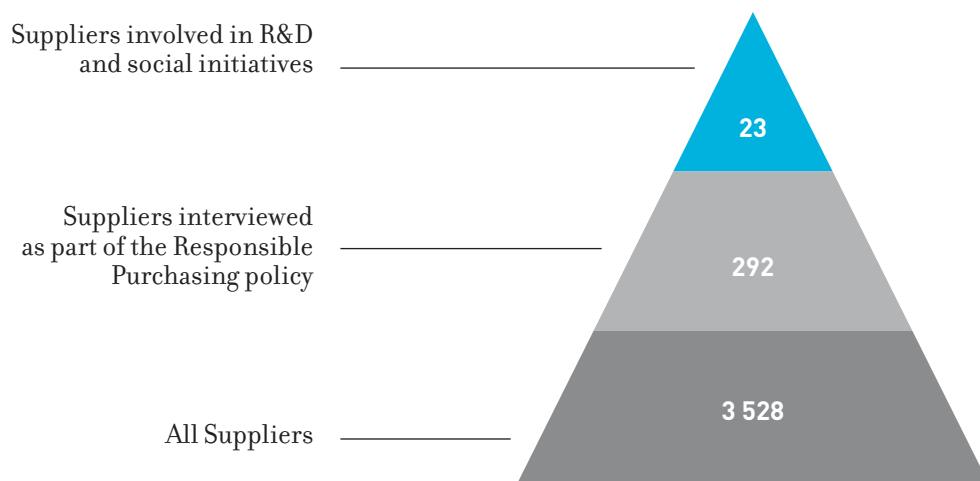
Implementation of the recommendations made to the supplier will be verified by a third party. To this day no serious infraction has been reported and no supplier has been taken off the charter, as the grid below shows.

### SUPPLIERS STATISTICS AS OF 1<sup>ST</sup> NOVEMBER 2015

Number of suppliers :	Interviewed	Assessed	Response rate	Verified	Verification rate	Recommendations	Taken off the Charter
1/11/2015	415	292	70 %	40	14 %	in progress	
31/12/2014	377	245	65 %	30	12 %	23	0
31/12/2013	327	207	63 %	20	10 %	14	0
31/12/2012	159	107	67 %	10	9,3 %	4	0
2014/2015	+10 %	+19 %		+33 %			

The Responsible Purchasing policy helps Foncière des Régions identify suppliers who can be involved in R&D or social action such as BIM or the Passerelle program: this program involves working with schools in ZEP (schools located in disadvantaged areas).

### SUPPLIERS' COMMITMENT TO FONCIÈRE DES RÉGIONS



# *Benefits of the Responsible Purchasing policy*

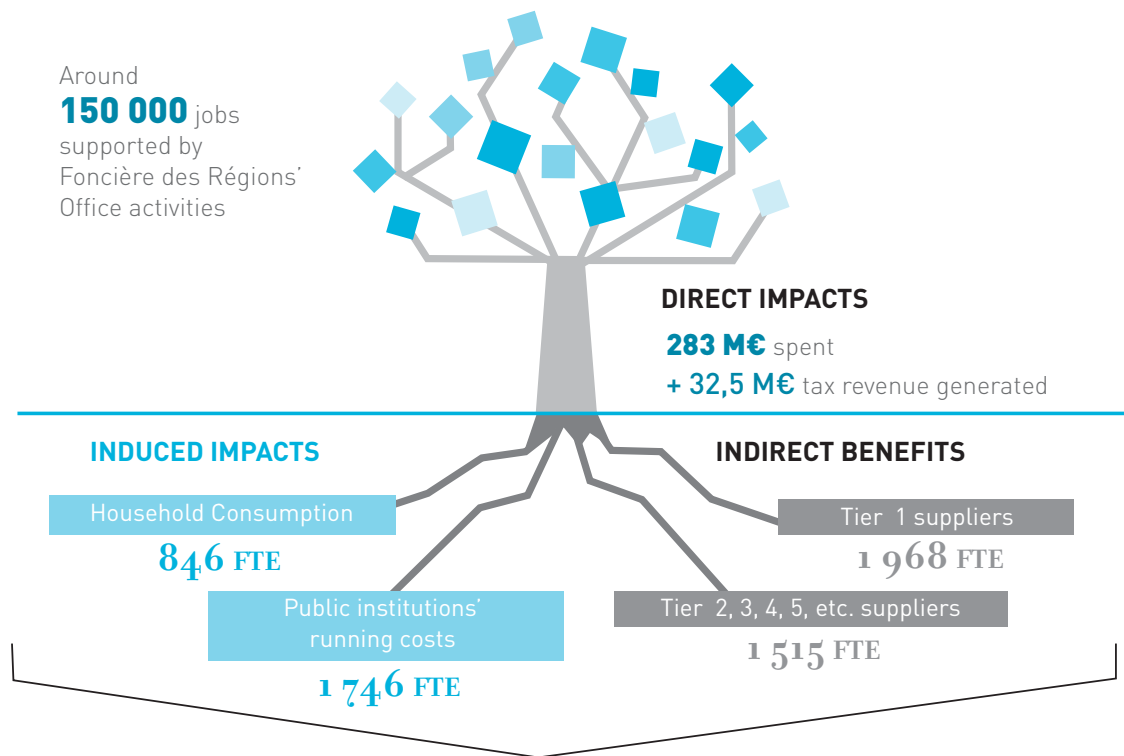
The Responsible Purchasing policy provided greater understanding of the challenges suppliers face running their businesses. This has led to further studies and collaboration opportunities as part of the office operations.



## **ECONOMIC AND TERRITORIAL BENEFITS**

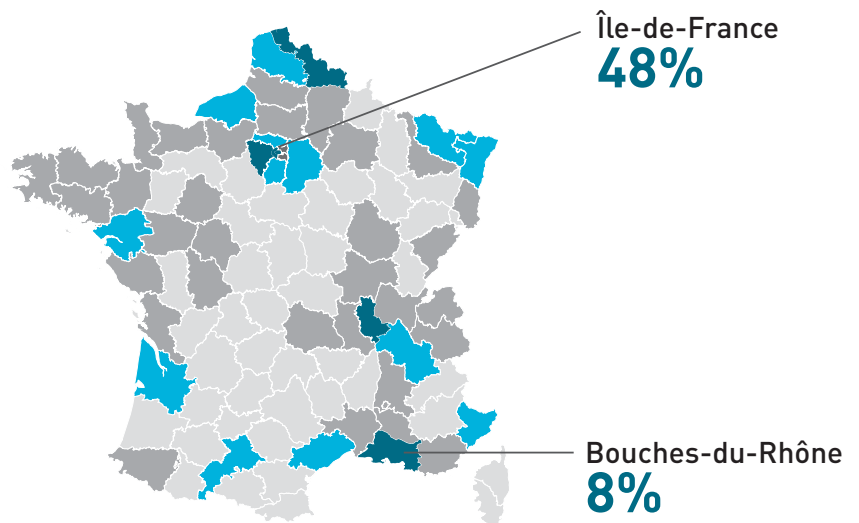
Research has been carried out to understand the economic impact of Foncière des Régions' office operations throughout 2014. The scope of the research covered 395 office buildings in 76 French "départements" which represents 1.5 million m<sup>2</sup>. This research revealed the amount of work and the variety of jobs supported by Foncière des Régions as part of their office development, management and renovation activities.

## LOCAL ECONOMIC IMPACT OF FONCIERE DES REGIONS' OFFICES FRANCE ACTIVITY



### Total of jobs per département

**TOTAL**  
**6 075 FTE**  
**jobs**



### LOCAL IMPACTS



### INDUSTRY SECTORS WITH HIGHEST IMPACT

Business Services

**17%**



Construction and  
 Civil Engineering

**28%**

FTE: Full Time Equivalent

Foncière des Régions supported nearly 150 000 jobs in France as part of their office activities. Foncière des Régions' office activities supported 6.075 FTE jobs across all "départements". Construction and Civil engineering as well as Business Services are the sectors with the highest number of jobs created with respectively 28% and 17% of all local jobs.

The highlights are:

- Direct benefits: Foncière des Régions spent €283million on suppliers' services for the Office activities in 2014.
- Indirect benefits: 3 483 FTE jobs for suppliers and subcontractors were supported by Foncière des Régions.

The research also showed that 60 000 people use offices managed by Foncière des Régions. It appeared that their activities and needs supported 35 000 FTE jobs for suppliers.

Additional research on use value highlighted some of the challenges faced by the real estate industry players. As a result, Foncière des Régions adjusted its sustainable development strategy.

## ●●● **USE VALUE**

Staff's health, well-being and working conditions are at the heart of Foncière des Régions' business considerations. The group takes part in various projects in order to understand how factors such as equipment, services or mobility can improve use value. Back in 2014, Foncière des Régions worked with Bouygues Construction to carry out analysis on use value of the Green Corner building, located in St Denis (delivered in October 2015). The purpose was to understand the impact of design and location on the comfort and productivity of its occupiers. A comparison was made between The Green Corner building, a new building with standard design features (RT2012) and a 1980's building.

**Christine Grèzes**  
**Real Estate Development Manager at Sodearif**  
**a subsidiary of Bouygues Construction**

“Bouygues Construction and Foncière des Régions worked together to assess use value of the Green Corner building in St Denis. They used a very innovative approach which helped better assessment of non-material factors on use value by identifying potential value creating features beneficial to both tenants and owners.”

Following initial observation, Bouygues Construction and Goodwill Management developed a method to measure the impact of a building on its occupiers; they were able to provide some form of quantification using a grading system. The results were then translated into financial terms and presented in a performance review format.

This showed financial gains and losses directly linked to the building itself and in terms of people's performance and productivity. It highlighted not only the quality of the construction and the efficiency of the services available but also the building's accessibility.

However, although the results are very encouraging, the method is still at an experimental R&D stage. But it brings up potential new ways to approach building design, use and value.

## R&D

Thanks to strong relations with its suppliers, Foncière des Régions was able to develop BIM and other new tools as part of its R&D activities. BIM improves the quality of the service delivered to tenants, increases the building's performance throughout its life cycle and brings together the interests of all parties involved.

**Charles Chevallet**  
**Program Director at Petit**

“BIM was a tremendous asset for the construction of Thales' Head Office in Vélizy. Thanks to BIM, we were able to create a visual representation of key technical and decorative features: this helped us in the decision making process. Additionally, BIM provided an interface facility that the project manager, tenants, suppliers and all parties involved in the construction project used to communicate and share ideas. It also helped maintenance work significantly. This model was awarded the VCF 2015 and PUCA BIM 2015 Innovation prizes.”



## SOCIAL AND CORPORATE INITIATIVES

Foncière des Régions intends to involve suppliers in its social initiatives. As part of its mentorship of two priority educational zones (ZEP) schools in Bobigny and Forbach, Foncière des Régions and some of its suppliers attend work groups with students to help them with career choices.

Additionally, Foncière des Régions invites suppliers to attend monthly Green Meetings held in its office: the purpose of these meetings is to raise awareness about Green issues and any member of staff can attend. This is an opportunity for participants to share experiences about innovative building or discuss emerging issues such as the latest industry certifications or regulations.

Lastly, Foncière des Régions uses the services of businesses that employ people with disabilities for its own catering, cleaning and maintenance needs.

**Jean-Luc Mazoyer**  
**R&D Project Manager at EDF**

"EDF and Foncière des Régions work together on several levels: EDF provides energy and is Foncière des Régions' tenant in more than 20 buildings. They both attend various joint work groups and discuss issues around non-material value. I also had the opportunity to be part of a jury panel along Foncière des Régions as part of a "Serious Game" challenge where preparatory class students from a secondary school in Bobigny had to reflect on and debate climate issues in preparation for COP 21 (Paris Conference on climate)."

# *Perspectives for the future*

## **OUTSOURCING ANALYSIS**

Foncière des Régions carries out annual checks to verify the accuracy of the questionnaire responses provided by suppliers. An independent consultancy organizes interviews with suppliers to discuss their CSR practices. During these interviews, the suppliers are given the opportunity to develop on the information they provided on the questionnaire and share ideas around their commitment to CSR values. At the end of the interview, a summary note showing strong points, areas for improvement and recommendations is provided to the supplier.

This verification process is an opportunity to discuss topics linked to Foncière des Régions' sustainable development policy. In 2014 and 2015, working conditions among the outsourced workforce were considered. Responsible practices regarding safety at work came to light: awareness campaigns, training, responsible work site charters and work site audits are used among suppliers and sub-contractors. Some suppliers have set up their own internal responsible purchasing policy, some even have sub-contractors' management platforms, a more supportive approach for smaller businesses or even contract clauses referring to social integration.

## **STRENGTHENED SUPPORT FOR SUPPLIERS**

Foncière des Régions is working on a booklet summarizing CSR information and best practice advice on responsible purchasing. This booklet will be available for all suppliers in 2016 and will give directions on how to improve their CSR performance.



## SIGNATURE OF THE RESPONSIBLE SUPPLIER RELATIONS CHARTER

Foncière des Régions signed the Responsible Supplier Relations Charter in 2015. This charter was set up by the CDAF, Compagnie des Dirigeants et Acheteurs de France (French Managers and Buyers Society). The purpose of this charter is to help improve relations between clients and suppliers by sharing advice on purchasing best practice.

The charter has 10 principles:

- 1 Practice financial fairness with suppliers
- 2 Facilitate collaboration between decision makers and key suppliers
- 3 Reduce risks of mutual dependency
- 4 Make sure decision-makers are involved in their industry sector
- 5 Keep overall cost in sight
- 6 Make sure environmental issues are part of the decision making process
- 7 Consider local impact
- 8 Purchasing: responsibilities and process
- 9 Take overall responsibility for the relationship with suppliers
- 10 Set up a fair remuneration system for buyers

Foncière des Régions appointed an internal mediator following the signature of the Responsible Supplier Relations Charter. Their role is mainly to facilitate conflict resolution through mediation and the enforcement of the Responsible Supplier Relations Charter's principles. If no agreement has been reached, the mediator can escalate a conflict to a steering committee who will review the situation. The representatives of the parties involved and members of the legal department will meet to discuss and agree on the best possible solution for both the group and the supplier.

The creation of the mediator role is in line with Foncière des Régions' deontological ethics and reflects their win-win partnership approach with their suppliers.

Various indicators are used by Foncière des Régions to monitor the quality of this partnership.

**Pierre Pelouzet**  
**National Mediator for Business Relations**

"The signature of the RFR Charter shows Foncière des Régions' serious commitment towards suppliers: this is very encouraging for balanced and sustainable relations with suppliers in the future."





30, avenue Kleber  
75016 Paris  
Tél : +33(0)1 58 97 50 00

18, avenue François Mitterrand  
57000 Metz  
Tél : +33(0)3 87 39 55 00  
[www.fonciere-des-regions.fr](http://www.fonciere-des-regions.fr)

**Contact**

Jean-Éric Fournier  
Head of Sustainable Development  
[jean-eric.fournier@fdr.fr](mailto:jean-eric.fournier@fdr.fr)