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SNCF SUSTAINABLE DEVELOPMENT REPORT 2006



SUSTAINABLE DEVELOPMENT REPORT  
2006



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#### 54 2006 PERFORMANCE INDICATORS

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# 201,742

GROUP EMPLOYEES IN 2006  
(EXCLUDING EMPLOYEES OF COMPANIES  
CONSOLIDATED BY THE EQUITY METHOD)

# 21.9

BILLION EUROS IN GROUP TURNOVER,  
A 5% INCREASE

#### THE PARENT COMPANY AND ITS SUBSIDIARIES: 4 OPERATING DIVISIONS:

- FREIGHT
- LONG-DISTANCE PASSENGERS
- FRANCE-EUROPE
- PUBLIC TRANSPORT
- INFRASTRUCTURE

## GLOSSARY

#### AFNOR /

ASSOCIATION FRANÇAISE  
DE NORMALISATION  
(FRENCH STANDARDISATION  
ASSOCIATION)

#### ARS /

ANIMATEURS RÉGIONAUX  
SOLIDARITÉ  
(REGIONAL SOLIDARITY  
COORDINATORS)

#### CSR /

CORPORATE SOCIAL  
RESPONSIBILITY

#### EIV /

ÉTABLISSEMENT INDUSTRIEL  
DE L'ÉQUIPEMENT  
(INDUSTRIAL EQUIPMENT  
ESTABLISHMENTS)

#### GART /

GROUPEMENT DES AUTORITÉS  
RESPONSABLES DE  
TRANSPORTS PUBLICS  
(GROUP OF AUTHORITIES  
RESPONSIBLE FOR PUBLIC  
TRANSPORT)

#### IMGE /

INTER-MINISTERIAL MISSION ON  
GREENHOUSE EFFECT

## SNCF

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au Développement durable  
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75699 Paris Cedex 14  
France

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development report  
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and English.  
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at our web site:  
[www.sncf.com](http://www.sncf.com)

**SNCF, a leading player in Europe in mobility and trade,** is committed to promoting a competitive, responsible transport management model within a competitive context. A company whose development is in line with its values, it safely carries out its public service missions, contributes to equitable land-use planning and facilitates the mobility of millions of people.

**For SNCF, sustainable development is a means to boost its appeal and competitiveness through a three-phase process:**

- in the short term, compliance with standards enables it to better manage its risks and weaknesses;
- in the medium term, the sharing of good practices, particularly in the area of environmental management, leads to lower costs and better performance;
- in the long term, this policy aims to set the company apart and strengthen its reputation.

#### SUSTAINABLE DEVELOPMENT AT SNCF (PARENT COMPANY) IN FIGURES

**39%**

OF MANAGERS ARE WOMEN

**180**

ENTITIES INVOLVED IN AN ENVIRONMENTAL MANAGEMENT PROCESS

**3,000**

SOLIDARITY INITIATIVES



# INTERVIEW

WITH ANNE-MARIE IDRAC  
CHAIRWOMAN OF THE SNCF GROUP

**A LEADING PROMOTER OF SUSTAINABLE  
MOBILITY, SNCF IS CENTRAL TO THE  
LIVES OF PEOPLE AND COMMUNITIES**

**SNCF MUST CONTINUE TO DEVELOP ITS INNOVATIVE CAPACITY WITHIN A CONTEXT OF GREATER OPENNESS TO COMPETITION.**

**What does sustainable development mean for SNCF?**

Sustainable development, which was nothing more than an idea a few years ago, has become one of the main areas of focus of our organisational management. The notion is particularly significant because it helps to clarify the interrelatedness of the company's policies and prioritise them based on its key issues. SNCF has put sustainable development at the centre of its Corporate Plan and is working on all aspects of it: facilitate everyone's access to transport, promote sustainable mobility thanks to the most neutral modes possible in terms of greenhouse gas emissions, and develop economically efficient products and services.

**How does this translate into action?**

A leading promoter of passenger and goods transport, SNCF is central to the lives of people and communities. Its public service missions and its history give it a unique personality and role. SNCF is also a European group whose subsidiaries already generate 36% of their total turnover outside France. It is increasingly faced with competitors who have also adopted social and environmental responsibility policies. In this context, sustainable development is a key concern for SNCF.

**What strengths will allow you to achieve this balance?**

SNCF has undeniable strengths, such as regional ties, citizen involvement and activities which, by their nature, contribute to protection of the environment. However, it must still do a better job of anticipating and managing its risks within an increasingly regulated context in which communication issues are great and the stakeholders extremely diverse.

**Are you saying that being an environmentally-friendly means of transport is not enough?**

In addition to highlighting the benefits of rail transport, SNCF must make improvements in the area of environmental management of its entities, anticipate citizens' needs with regard to equal opportunity and the fight against discrimination, and pursue its efforts to make trains and stations more accessible to people with reduced mobility. In addition, the company's reputation increasingly hinges on issues such as continuity, safety, security and service quality.

**How does SNCF benefit from sustainable development?**

SNCF must continue to develop its innovative capacity within a context of greater openness to competition. We have taken steps to update our management and improve internal social dialogue. We must streamline our operating methods, decentralise our managerial relations and respond to our employees' search for meaning and need for involvement.

**What are the next phases of your policy?**

In 2007, SNCF is preparing for its corporate responsibility rating. This undertaking should be an opportunity to demonstrate, in a transparent manner, the company's strengths while helping it identify its areas of improvement.

**Do you feel that the prospects available to SNCF are encouraging?**

The values that guide the sustainable development policy are eliciting a particularly positive response from employees, since these values are in line with the company's long-standing culture. The continuous improvement effort is enhanced by the spirit of innovation that is SNCF's trademark. To be truly successful, we must have the support of our citizens. For this reason, we will pursue our efforts to make the general public aware of the environmental benefits of rail transport, as we endeavour to live happily side by side with a view to changing lifestyles and behaviours. The future of the planet and the well-being of future generations often appear to be out of line with political time or the financial markets: it is up to us to show that it is possible to take the long view.



# BOARD OF DIRECTORS

CHAIRWOMAN	
Anne-Marie Idrac	
ADMINISTRATORS	GOVERNMENT COMMISSIONER
Henri Bascunana	Daniel Bursaux
Jean-Didier Blanchet	
Emmanuel Caquot	DEPUTY GOVERNMENT COMMISSIONER
Henri Célié	Patrick Vieu
Louis Defline	
Claude Gressier	HEAD OF THE ECONOMIC AND FINANCIAL MISSION FOR TRANSPORT
Hubert Haenel	André Barilari
Philippe Josse	
Pierre Mirabaud	SECRETARY OF THE BOARD
Patrick Ollier	Michelle Audibet
Thierry Roy	
Monique Sassier	SECRETARY OF THE CENTRAL WORKS COUNCIL
Danielle Sinoquet	Sylvain Brière
Éric Tournebœuf	
Benoît Vincent	
Benedikt Weibel	
Rémy Rioux	

## CORPORATE GOVERNANCE

### Board of Directors

The SNCF Board of Directors defines the general policies of the Public Company and determines the Group's direction. It holds at least 10 ordinary sessions a year. It has 18 members: 7 represent the State, 5 are chosen for their skills, and 6 are elected staff representatives. They serve a five-year term, which is renewable twice. The Chairman of the Board of Directors is appointed from among its members and on their proposal, by decree adopted in the Council of Ministers. The Board of Directors has set up an Accounts Audit and Risks Committee, a Strategic Committee, a Contracts Committee and a Public Transport Conventions Committee.

### Management

The Chairwoman appoints members to the Executive Committee and defines their roles and responsibilities. The Executive Committee examines, on the Chairwoman's initiative or on a proposal by the other members after deliberation, projects and orientations necessary for the Group's development. The members of the Executive Committee receive delegations from the Chairwoman to act and make decisions on her behalf in their area of expertise. Under these delegations, they have authority over all the company's organisations. The Audit and Risks Directorate gives Management reasonable guarantee as to the level of control of operations both at SNCF and at the Group and contributes to improving the risk management system. Its role includes conducting audits and helping to improve internal control at SNCF and the Group. Lastly, a Security Audit Directorate, under the authority of the Executive Vice President, audits SNCF entities.



# EXECUTIVE COMMITTEE



**Anne-Marie Idrac**

Chairwoman  
of the SNCF Group



**Guillaume Pepy**

Chief Executive Officer



**Pierre Izard**

Executive Vice President  
for Infrastructure



**Mireille Faugère**

Director for Long-distance  
Passengers France & Europe



**Bernard Emsellem**

Director of Communication



**François Nogué**

Director of Human Resources



**Jean-Pierre Farandou**

Director of Public Transport



**Pierre Blayau**

Chairman of Geodis,  
Advisor to the Chairwoman



**Claire Dreyfus-Cloarec**

Advisor to the Chairwoman



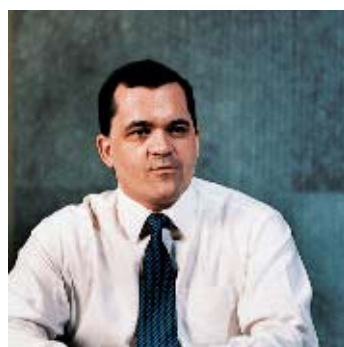
**Jacques Damas**

Director of Industrial Operations



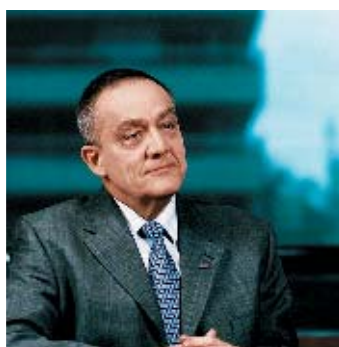
**Élisabeth Borne**

Director of Strategy



**Jean-Pierre Menanteau**

Director of Finance, Purchasing  
and Information Systems and  
Telecommunications



**Jacques Couvert**

Executive Vice President for  
Heritage-Research-Engineering



**Olivier Marembaud**

Executive Vice President  
for Freight

# KEY ISSUES AND RESPONSIBILITIES

**SNCF, a leading player in European transport, carries out its work on both a global and local stage. Within a context of greater market openness to competition, SNCF's objective is to strike a balance between increasingly international policies and local policies in which the issues actually find expression.**

## Reconciling the company's key issues with stakeholders' expectations:

End of 2006, SNCF conducts an analysis of its key issues as seen by stakeholders:

- Internal issues
- Direct impacts
- Socio-economic impacts in the broad sense



## WHAT DO WE WANT TO BE?

**A LEADING EUROPEAN GROUP IN MOBILITY SERVICES MARKETS FOR WHICH SUSTAINABLE DEVELOPMENT IS A CENTRAL PART OF ITS STRATEGY**

**Objective:** better performance in each of the three areas of sustainable development

### Solidarity and social cohesion

A public service company that is more community-minded and committed to improving human resource management and social dialogue.

### Environmental protection

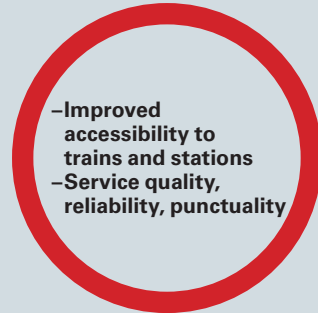
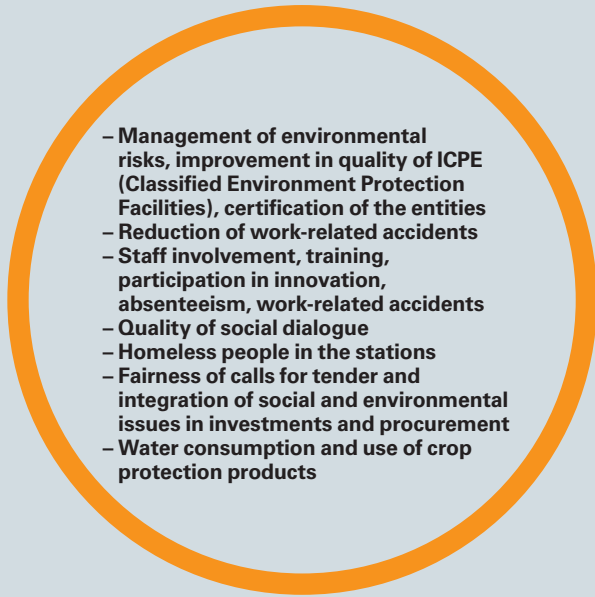
A company that promotes the environmental benefits of rail transport and is making headway in protecting the environment on its own soil.

### Economic development

A European company that is pursuing its development within a context of market openness to competition.



**IMPORTANT  
ISSUES  
FOR SNCF**



**IMPORTANT  
ISSUES  
FOR STAKEHOLDERS**



- Issues on which SNCF and its stakeholders are most in agreement
- SNCF is mindful of the importance of these issues and must make progress
- SNCF is mindful of the importance of these issues for which responsibility is shared
- Issues which were not considered priorities by SNCF up to now and which are being discussed with stakeholders
- Issues which stakeholders regard as a given



# IMPORTANT EVENTS



## TRAM OR TRAIN WHY CHOOSE?

In November 2006, the first tram-train was introduced in Seine-Saint-Denis. This innovative mode of transport can follow the rail network, like a traditional train, as well as travel through cities, like a tramway.

## A CHAIR WITH SCIENCES PO

In November 2006, SNCF and the Paris Institute of Political Studies signed a three-year cooperation agreement in the fields of research and expertise in sustainable development, thus making SNCF a preferred partner of the Sustainable Development chair of Sciences Po.

## A UNIVERSITY FOR SNCF

For the past 10 years, SNCF has been committed to bringing its managerial culture up to date.

It went a step further in 2006 by creating its own University. Designed to promote the professional and personal development of its senior management, it will train approximately 800 managers. Starting in 2007, the University will offer programmes focusing on strategy, leadership and performance, as well as individual training sessions aimed at developing each person's potential (coaching, immersion in other companies, etc.).

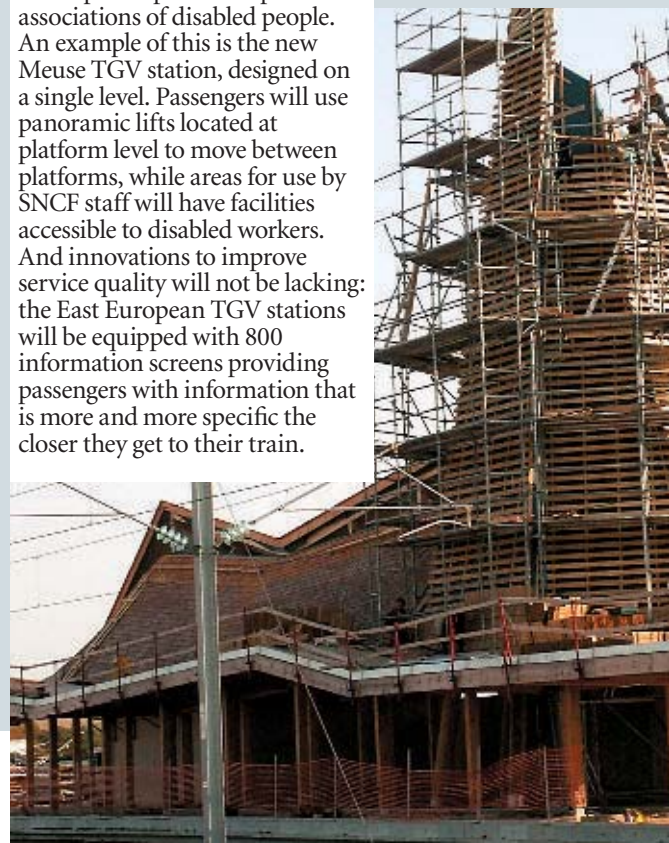


## TGV – A PLAYER IN SUSTAINABLE DEVELOPMENT

To mark the 25<sup>th</sup> anniversary of TGV, a seminar was held at the Paris Institute of Political Studies on 25 November 2006. This day-long event highlighted the TGV's contribution to balanced land-use planning. The main challenge of rail transport is to reduce distances (in space, time and between people) and improve accessibility.

## EAST EUROPEAN TGV A MODEL OF ACCESSIBILITY?

All stations of the East European TGV will feature access solutions developed in partnership with associations of disabled people. An example of this is the new Meuse TGV station, designed on a single level. Passengers will use panoramic lifts located at platform level to move between platforms, while areas for use by SNCF staff will have facilities accessible to disabled workers. And innovations to improve service quality will not be lacking: the East European TGV stations will be equipped with 800 information screens providing passengers with information that is more and more specific the closer they get to their train.







## MOVING AHEAD WITH THE UNIVERSITY OF SERVICE

In February 2006, Long-distance Passengers France & Europe, with the assistance of Public Transport, created the University of Service. It is here that customer service training courses are developed and offered. The university also provides a forum for discussion and research aimed at improving the service and management skills of employees who come in contact with customers.

## EUROPE BOUND WITH SIBELIT

In April 2006, SNCF, B Cargo, CFF Cargo and CFL created the SIBELIT company (Société Benelux Lorraine Italy). The main purpose of this company, whose operations centre is based in Luxembourg, is to operate the Muizen-Basel route, reduce production costs and improve the quality of rail transport of goods on the Anvers-Milan route.



## RESPONSIBLE CLOTHING

For the procurement of staff uniforms, a study was conducted in 2006 with the Yamana NGO as part of the "Civic Fabric" programme.

In the specifications, greater emphasis was placed on health, traceability and social and environmental responsibility as requirements. The first contract made along these lines concerned the new uniforms for ticket collectors. The company to which the contract was awarded agreed to ensure its subcontractors' compliance with the same requirements imposed on it.

## RAILTEAM OPENS THE DOORS TO EUROPE

In June 2006, at SNCF's instigation, seven European rail networks signed a declaration of intent for the formation of an alliance in 2007. The intention of the signers (SNCF, DB, EUKL, SNCB, NS, CFF, ÖBB) is to provide a high-speed European network for their customers. To ensure the full success that it deserves, the RAILTEAM initiative will seek to provide better information to customers, simplified ticket purchase procedures and easier access to partners' fare offers, as well as improving inter-network connections and services reserved for the most loyal customers.



## ÉCOCOMPARATEUR® RESPONSIBLE TRAVEL

Under a partnership with ADEME (French Environment and Energy Management Agency), Voyages-sncf.com has created ÉcoComparateur®, a tool that allows any Internet user to search for the cheapest, fastest or least polluting means of transport. ÉcoComparateur® calculates the CO<sub>2</sub> emissions of each means of transport for a given destination.





# 1

## A STRUCTURED APPROACH

### STRATEGIC ADVISORY AND ORGANISATIONAL BODIES

#### HISTORY OF COMMITMENTS

SNCF has supported a number of national and international initiatives formalising commitments and good corporate practices in the area of sustainable development.

**1999:** Public Companies' Charter for Sustainable Development.

**2003:** The United Nations Global Compact;  
– National Charter on Accessibility;  
– Partnership agreement with the State to facilitate access to rail transport for people who are disabled or have reduced mobility or decreasing independence.

**2004:** Company Diversity Charter;  
– SNCF Public Service Charter.

**2005:** Learning Charter.

**2006:** Companies Commitment Charter in favour of equal opportunity in education.



> In addition to its own rules of governance, SNCF's sustainable development policy draws on various partnerships with strategic advisory and management bodies and a network of correspondents charged with implementing the action plans at each of the company's 250 entities.

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1. The Angers station

2. After each trial run, the world speed record measurement train set arrives at the East European Technicentre.



2.

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# 1 A STRUCTURED APPROACH

# GOVERNANCE: GUIDE, MANAGE AND ACT

**SNCF has set up specific bodies whose role is to clarify its sustainable development strategy, define the broad outlines of its policy and develop an action plan. These various tools and bodies help ensure that actions are carried out at the regional level and at each entity.**

## MANAGING AND IMPLEMENTING

### The Sustainable Development Directorate,

part of the Directorate of Strategy, develops the company's sustainable development policy along the lines of the 2006-2008 Corporate Plan and translates it into an action plan.

It oversees implementation of the policy in conjunction with the company's corporate offices and businesses. At the regional level, 23 coordinators relay the sustainable development programmes to SNCF's 250 entities.

A Sustainable Development Committee representing all the company's directorates, businesses and areas was formed in July 2006 to monitor the action plans.

### Chaired by an independent administrator

who is a member of the Board of Directors, the Ethics Committee is responsible for overseeing ethics issues at SNCF, proposing directions and expressing opinions. In 2006, three key areas were reviewed: procurement and subcontracting, the need for an ethics alert, and sharing of the company's common values.

### Created in early 2007 and chaired by Anne-Marie Idrac,

the Sustainable Development Advisory Board is made up of some 15 outside experts who advise the company and help clarify its strategy.

## INFORMING AND RAISING AWARENESS

### In 2006, SNCF once again reaffirmed

its commitment through a wide range of initiatives: "Forward-looking Ideas and Sustainable Development" publicity campaign, on-lining of a new version of the www.developpementdurable.sncf.com website to mark National Sustainable Development Week, publication of a report dedicated to CSR, etc.

A number of actions were taken in partnership with the regional directorates and entities to raise the awareness of its internal audiences: stands on fair trade in Paris Saint-Lazare, organisation of a Waste and Sustainable Development forum in Toulouse, new version of an intranet dedicated to sustainable development and of Net-environnement, a site providing information on environmental management, circulation of an internal newsletter, and so on.

### SNCF took the decision to proceed with a corporate responsibility rating

of its Parent Company in the fourth quarter of 2007 as part of a European call for tenders.

In preparation for this evaluation, the company has taken such steps as analysing its stakeholders' perceptions and expectations, reviewing the main processes that contribute to sustainable development policies, developing benchmarks and defining a risk mapping process.

## SUSTAINABLE DEVELOPMENT GOVERNANCE

# 23

COORDINATORS AT THE REGIONAL DIRECTORATES IMPLEMENT THE ACTION PLAN





# BENCHMARKS AND CERTIFICATIONS

SNCF's performance indicators are the result of an in-depth study that incorporates the objectives of the 2006-2008 Corporate Plan and the specific aspects of the company's various activities.

INDICATORS		
REPORTING INDICATORS	<b>New Economic Regulations (NRE) Act</b>	Although it is not listed on a regulated market, SNCF decided in 2006 to apply the provisions of the so-called NRE Act (New Economic Regulations) of 15 May 2001 which specifies the type of corporate and environmental information that must appear in a company's annual report.
	<b>GRI</b>	Through the International Union of Railways (UIC), SNCF favours adapting the guidelines developed in May 2006 for the logistics and transport sector to rail transport, in accordance with version 3 of the GRI (Global Reporting Initiative).
MANAGEMENT INDICATORS	<b>ISO 14001</b>	SNCF's objective is to obtain ISO 14001 certification for all 44 rolling stock entities by late 2008. As of the end of 2006, three industrial entities (or one of their sites) had received ISO 14001 certification, one entity had obtained level-one certification, and 32 entities had implemented an environmental management system.
	<b>ISO 9001</b>	ISO 9001 certification, version 2000, is in the process of being awarded at SNCF's Parent Company, and more specifically at Rolling Stock (42 of the 44 entities are certified) and at Transport (14 of the 38 entities are certified).

# FORMS OF DIALOGUE

SNCF is laying the groundwork for an ongoing dialogue with all its stakeholders through a number of working committees and groups.

## EXTERNAL

- SOCIETAL**
  - Persons with disabilities and reduced mobility advisory board
  - Disabled passengers mission (MVH)
  - Social mediation service platforms (e.g. PIMMS – multi-service mediation information points)
  - Support centres (to keep homeless people out of the stations)
  - IMS (Intervention at school level)
  - Solidarity mission
  - SNCF Solidarity Foundation (network of 300 partner associations)
  - National Solidarity Committee (meets 4 to 5 times a year)

## COORDINATION AND GENERAL MONITORING

- Sustainable Development Advisory Board
- Meetings with consumers' associations
- Railroad Lines Committee

## INTERNAL

- Sustainable Development Committee
- Ethics Committee
- Initiatives Committee (Nov. 2003)

- ECONOMIC**
  - SD rating within the framework of the Investments Committee
  - Procurement Committee

- ENVIRONMENTAL**
  - COREN network (23 regional environment and SD coordinators)

- CORPORATE**
  - “Working Disabled Mission” (HRD)
  - SNCF Group University/ Management Institute
  - Business Lines Institute (2002)
  - “Inter-Branch Equal Opportunity Committee” (February 2006)
  - Psychological support unit (24/7 personalised help service)
  - Human Factors Prevention Agency
  - Family Agency
  - Department of Social Action
  - Housing Agency

- SOCIETAL**
  - Diversity Board
  - Solidarity Study Centre
  - ARS network (23 regional solidarity coordinators)

- Equality & Skills meetings
- National Committee on Health, Safety and Working Conditions
- Central Works Council

# PARTNERSHIPS: STRONGER TOGETHER

**SNCF contributes to the work and studies of networks dedicated to the field of sustainable development and CRS (Corporate Social Responsibility) whose members include such experts and stakeholders as local elected officials, public authorities, citizens, consumers' associations, NGOs, and so on.**

**SNCF is a member of several government bodies**, including the CNDD (National Sustainable Development Council) and the French National Committee of the Decade of Education for Sustainable Development. As a member of the CNDD, SNCF is involved in the work of the Club for Sustainable Development of Public Entities created in October 2006 by the Inter-Ministerial Delegation for Sustainable Development.

**A collective process**  
In 2006, new partnerships were formed with ANPE (French National Employment Agency) and the Conseil national des missions locales (National Council of Local

Advisors on Employment and Occupational Integration), the Ministry of Defence, the Sylvain Augier Foundation and the sustainable development chair of Sciences Po Paris. The framework partnership agreement with ADEME is due to be renewed in early 2007 for three years. SNCF is also involved in the work of associative networks such as the ORSE (Study Centre for Corporate Social Responsibility), EpE (Entreprises pour l'Environnement), Comité 21, Association 4D (Debates on the Dos and Don'ts of Sustainable Development), IMS – Entreprendre pour la Cité, and the IDDRI (Institute for Sustainable Development and International Relations).

## CONTRIBUTION TO THE GLOBAL COMPACT

The United Nations Global Compact, which comes under the direct authority of the UN Secretary-General, brings together companies that adhere to 10 guiding principles in the areas of human rights, labour, the environment and the fight against corruption. A signatory since April 2003, SNCF played a part in applying the Global Compact in 2006 by implementing two good practices relating to principles 3 to 6 (Equality & Skills meetings concerning equal opportunity and the fight against discrimination) and principles 7 to 9 ("sustainable development rating of investments" as regards environmental protection).  
[www.unglobalcompact.org](http://www.unglobalcompact.org)



# RISKS: BETTER MANAGEMENT THROUGH READINESS

**Being able to better anticipate its risks is a major challenge for SNCF, which is growing in a more regulated and complex environment than ever.**

In late 2005, SNCF began a process to identify threats that could prevent it from achieving its strategic, financial or operational objectives, whether caused by changes in its environment or internal weaknesses. The aim of this process is to provide impetus for progress through the implementation of corrective measures.

## SURVEYS IN THE FIELD

### The DAR (Audit and Risks Directorate)

was charged with coordinating this process, while risks related to rail safety continue to be handled jointly by the Security Directorate and the Security Audit Directorate. During the course of a year, a team of auditors interviewed managers of the company's entities, identified key processes and noted the

control mechanisms used in the businesses, areas and cross-functional departments. At the end of this undertaking, a risk map was created to indicate the risk areas and the areas under control for each of the company's entities. The company's activities were broken down into several processes: management processes (strategy, risk management, coordination of subsidiaries, etc.); operational processes (development of the offering, production and sales), and support processes (job management, health and safety, training, environmental protection, property management, finance, accounting, information system, etc.). This same process was undertaken by the group's main subsidiaries, with the help of SNCF Participations.

This mapping process is overseen by the group's Audit and Risks Committee under the chairmanship of the Chief Executive Officer.

This project culminated in an analysis shared with the operations managers and in the development of action plans implemented at the divisions, areas, cross-functional departments and subsidiaries.

These plans will be reviewed

**11**  
TRAIN ACCIDENTS  
WITH CONSEQUENCES

at regular intervals by the Audit and Risks Directorate to assess the progress made. Using this risk analysis tool and developing a monitoring mechanism enables SNCF to manage its strategic risks and achieve its operational objectives in the same way as any large French company.



1. In IRIS 320, Infrastructure has a one-of-a-kind tool capable of inspecting the national network in detail at 320 km/hr.

2. Maintenance workers check the condition of the running gears.



# INVESTMENTS AND PROCUREMENT: A SINGLE APPROACH

**Ever-mindful of its responsibility in choosing its investments and suppliers, SNCF incorporates economic, environmental and social criteria into its specifications.**

## CAREFULLY ASSESSED INVESTMENTS

**SNCF is preparing for the future by investing** either on its own behalf or on behalf of public bodies. Between 2004 and 2008, nearly 10 billion euros will be spent on new rolling stock and commercial, industrial and service facilities. In 2004, the company began to develop an investment analysis and rating tool. The result: the process is systematically applied to each project in an amount of 2.5 million euros or more. At the end of 2006, the files analysed represented a total of 2.3 billion euros. Developed in conjunction with a team of academics, this assessment methodology has an educational

value and is intended to encourage in-house staff to consider sustainable development issues at the start of their projects.

## PROCUREMENT PROCEDURES

**The first concrete measures** aimed at incorporating social and environmental criteria into the procurement process were taken in 2006: several files were evaluated on an experimental basis at the time that these criteria were incorporated into specifications. For example, specifications stipulate that SNCF suppliers must pass social audits before textile products can be manufactured in “low-cost” countries. As a reminder, SNCF’s non-investment purchases totalled 2.6 billion euros in 2006. By the last quarter of 2007, SNCF expects to assess 80% of the procurement files whose amount exceeds 3 million euros. To meet this target, a specific method will be used to assess each of the

93 purchase categories based on relevant factors: objective assessment criteria, appropriate questionnaire showing the suppliers’ level of commitment, contractual provisions regarding environmental and social performance, etc. The actions taken in 2006 will continue in 2007 and will have several objectives: to “green” purchases, improve the conformity and quality of contracts for the treatment of products at the end of their life cycle, ban particularly hazardous products from all new purchases, and conduct studies to replace those which are already being supplied.

## METHODOLOGY FOR ASSESSING INVESTMENT PROJECTS

<b>ENVIRONMENTAL</b>	Energy and fluids, risks, noise, waste, air quality, specific local characteristics, HQE® (High Environmental Quality).
<b>SOCIAL &amp; SOCIETAL</b>	Occupational risks, working conditions, safety, internal and external cooperation, persons with reduced mobility, intermodality.
<b>ECONOMIC</b>	Return on investment, maintainability, operability, innovation.

1. Workers cut, fit and assemble SNCF shirts in an assembly shop.

2. Example of a sustainable development rating for an investment project.



# 50%

OF SNCF'S CASH MANAGEMENT TAKES SRI (SOCIALY RESPONSIBLE INVESTMENT) CRITERIA INTO ACCOUNT

## SRI OPTIONS FOR CASH MANAGEMENT

As part of its cash management process, SNCF applies its own method of selecting counterparties that issue short-term money market investment products. In addition to this method, criteria related to SRI are taken into account.

Companies are cross-referenced with those selected from the ASPI Eurozone index managed by STOXX in conjunction with the Vigeo agency.

On this basis, SRI criteria are believed to factor into 50% of SNCF's total cash management at the end of 2006.

For 2007, a study is being conducted to assess the possibility of adding an investment product that incorporates SRI objectives to the company savings plan.

## INITIATIVES IN SUPPORT OF FAIR TRADE

SNCF incorporates a number of products bearing the Max Havelaar label into its supplies (coffee, cotton, etc.).  
– Since 2004, SNCF has supported fair trade training shops and in September 2005 signed a partnership agreement with the Platform for Fair Trade.

– In November 2006, SNCF decided to give financial support to AFNOR (French Standardisation Association) in order for it to study the feasibility of an international free trade standard.  
– On 30 November 2006, SNCF lent its support to the organisation of the Ekilibre award, a national

contest to promote and encourage fair trade and socially responsible economic initiatives.  
– In 2007, the 10,000 ticket collectors will be given white fair trade cotton shirts through the supply network of clothing bearing the Max Havelaar label set up by Armor Lux.

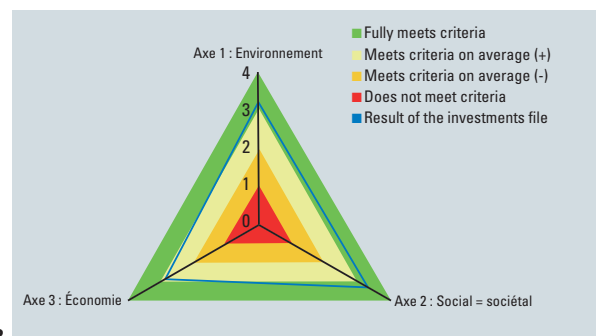
## A RESPONSIBILITY CHAIN

### New impetus

has been given to developing socially responsible procurement with occupational integration associations and organisations in the disabled workers sector with the launch of a study aimed at defining a procurement policy specific to this sector. Contracts for the refurbishing or disposal of obsolete computer equipment will be put in place early in the 2<sup>nd</sup> quarter of 2007.

For purchases of staff uniforms, a study is being conducted with the Yamana NGO as part of the "Civic Fabric" programme which SNCF has supported since December 2005: OEKO-TEX 100 label (toxicity tests) required for the main fabrics; traceability of product origin, and the supplier's commitment to comply and to have its subcontractors comply with working conditions.

## SUSTAINABLE DEVELOPMENT RATING



2.

# DIRECTIONS FOR 2007: FROM INTENTION TO ACTION

SNCF's sustainable development policy is centred around four key areas of focus: fully exercise its social and societal **responsibility**; highlight the environmental benefits of rail transport and make it accessible to as many people as possible; begin to set an environmental **example**, and give all employees the **opportunity** to get involved in promoting sustainable development.

These areas of focus will be fine-tuned based on the analysis leading up to the corporate responsibility rating.



1.



2.

1. Novatrans site in the Paris area.

2. Refitting of a Téo train.



Areas	Key actions in 2007	Objectives
<b>FULLY EXERCISE OUR SOCIAL AND SOCIETAL RESPONSIBILITY</b>	<ul style="list-style-type: none"> <li>-Current analysis and corporate responsibility rating of the Parent Company (4<sup>th</sup> quarter 2007).</li> <li>-Creation of a "Sustainable Development Advisory Board" (Committee of outside experts).</li> <li>-New mapping of partnerships with stakeholders (local governments, NGOs, sustainable development networks, etc.).</li> <li>-Strengthen the tasks of the "Sustainable Development Committee" in terms of overseeing the internal action plans.</li> <li>-Decentralise the sustainable development rating of investments and implement the rating for procurement.</li> </ul> <hr/> <ul style="list-style-type: none"> <li>-Equality &amp; Skills meetings (12 forums already planned).</li> <li>-National agreement on equal opportunity (March 2007).</li> <li>-In-house "Diversity Management" training programme, such as through the University of Service.</li> <li>-"Fair Trade" operation concerning ticket collectors' uniforms (June 2007).</li> </ul> <hr/> <ul style="list-style-type: none"> <li>-Clarify the areas related to corporate patronage and citizen actions linked directly to the company's activities.</li> </ul>	<ul style="list-style-type: none"> <li>-Clarify SNCF's key issues and better identify the company's strengths/weaknesses.</li> <li>-Better manage the company's risks and processes based on its key issues.</li> <li>-Be more aware of stakeholders' expectations.</li> <li>-Improve the quality and reliability of indicators.</li> <li>-Develop specific action plans (energy, waste management, etc.).</li> </ul> <hr/> <ul style="list-style-type: none"> <li>-Strengthen the equal opportunity and anti-discrimination policy.</li> <li>-Contribute to the public debate on fair trade.</li> </ul> <hr/> <ul style="list-style-type: none"> <li>-Restructure the functions performed by the Solidarity Mission and the Solidarity Foundation.</li> </ul>
<b>HIGHLIGHT THE ENVIRONMENTAL BENEFITS OF RAIL TRANSPORT AND MAKE IT ACCESSIBLE TO AS MANY PEOPLE AS POSSIBLE</b>	<ul style="list-style-type: none"> <li>-Propose a decisive transport policy in favour of sustainable mobility.</li> <li>-Research framework programme.</li> <li>-Experiment with biofuels (B30).</li> <li>-Pursue the policy of reducing noise caused by rolling stock.</li> <li>-Implement the MEDD-MAP-SNCF-RFF framework agreement signed on 16 March 2007 regarding the use of crop protection products and reducing their impact on water quality.</li> <li>-Develop the products and services offering in terms of intermodality and construction and management of multi-modal transport platforms.</li> </ul> <hr/> <ul style="list-style-type: none"> <li>-Accessibility test station: implement at the East European TGV stations and then at the other stations.</li> <li>-Public launch of Accès+ in March 2007 (pilot programme) and start of burn-in at Paris East Station.</li> <li>-Accessibility master plans: development of the national AMP and tie-in with the regional AMPs (cf. 500 million euro budget) for trains and stations.</li> <li>-Continue dialogue (associations, institutions) and training programmes.</li> </ul> <hr/> <ul style="list-style-type: none"> <li>-Launch of the NOTES project (new fare offer and services).</li> </ul>	<ul style="list-style-type: none"> <li>-Raise the standing of rail transport and play a more central role in the European public debate on the fight against climate change.</li> </ul> <hr/> <ul style="list-style-type: none"> <li>-Improve the rate of accessibility to stations, trains and services.</li> <li>-Strengthen the dialogue with disabled persons and associations.</li> </ul> <hr/> <ul style="list-style-type: none"> <li>-Facilitate everyone's access to transport.</li> <li>-Make improvements in the area of ethics and customer relationship quality.</li> </ul>
<b>BEGIN TO SET AN ENVIRONMENTAL EXAMPLE</b>	<ul style="list-style-type: none"> <li>-Help all SNCF's entities conduct environmental diagnostics, develop an environmental management system and obtain 14001 certification.</li> <li>-Current inventory of non-conformities.</li> <li>-Launch of a trial waste sorting operation at about 10 pilot stations.</li> </ul> <hr/> <ul style="list-style-type: none"> <li>-Draft internal recommendations: prevention of environmental damage and risks; operations at the ICPEs; waste management.</li> </ul> <hr/> <ul style="list-style-type: none"> <li>-Forward-looking assessment of SNCF's energy needs between now and 2020.</li> <li>-Plan to optimise and reduce energy consumption (buildings, motive power, energy purchases, vehicles, etc.).</li> </ul>	<ul style="list-style-type: none"> <li>-Pursue efforts to obtain ISO 14001 certification at the Rolling Stock entities.</li> <li>-Update the assessment of financial requirements to ensure compliance by the end of 2007.</li> </ul> <hr/> <ul style="list-style-type: none"> <li>-Clarify SNCF's "environmental policy" and define internal roles and responsibilities in more detail.</li> </ul> <hr/> <ul style="list-style-type: none"> <li>-Do a better job of anticipating and managing issues related to the energy sector.</li> <li>-Reduce energy consumption.</li> </ul>
<b>GIVE EVERYONE THE OPPORTUNITY TO GET INVOLVED IN PROMOTING SUSTAINABLE DEVELOPMENT</b>	<ul style="list-style-type: none"> <li>-Use tools such as the intranet to disseminate and highlight the value of good practices.</li> <li>-Boost efforts to raise awareness and provide training internally, especially in terms of sustainable development as a means to increase efficiency.</li> </ul>	<ul style="list-style-type: none"> <li>-Help the regional directorates and entities motivate their region and site.</li> </ul>





1. A TGV travelling along the Paris-Lyon high-speed line.
2. Welcome point for disabled passengers.



## Reduce environmental impact

**SNCF'S COMMITMENT /** The company's aim is not only to highlight the environmental benefits of rail transport, but also to improve the environmental scorecard of its facilities. At the end of 2006, 190 entities had conducted an environmental diagnostic and 80 had an environmental management system in place.

## Manage energy consumption

**SNCF'S COMMITMENT /** As part of an innovation and research programme, SNCF is trying out alternative solutions to fossil energy (fuel cells, biofuels, etc.). This programme is also designed to reduce the company's energy consumption and emissions: calculation of energy-efficient running of trains, hybridisation, recovery and storage of brake energy, particle filters, etc.

## Take each stakeholder's specific needs into account

**SNCF'S COMMITMENT /** Forming a dialogue with each stakeholder is one of the objectives of SNCF's sustainable development policy. For instance, to understand the specific needs related to each type of disability (very small people, the elderly, etc.), an ongoing dialogue is maintained with the associations that represent them.

# SNCF & ASSOCIATIONS



## Be mindful of human rights

**SNCF'S COMMITMENT / For the procurement of staff uniforms**, a study was conducted in 2006 with the Yamana NGO as part of the "Civic Fabric" programme. In the specifications, greater emphasis was placed on health, traceability and social and environmental responsibility as requirements. The first contract made along these lines concerned the new uniforms for ticket collectors. The company to which the contract was awarded agreed to ensure its subcontractors' compliance with the same requirements imposed on it.

## Meet environmental and social criteria

**SNCF'S COMMITMENT / SNCF incorporates environmental and social criteria into its specifications** which show suppliers' level of commitment, as well as the environmental and social performance of the goods or services. It expects to assess 80% of procurement files whose amount exceeds 3 million euros by the end of 2007.

## Promote fair trade

**SNCF'S COMMITMENT / SNCF adheres to fair trade principles by incorporating a number of labelled products into its supplies.** All coffee served on the TGVs comes from fair trade (6 million servings per year). In June 2007, the 10,000 ticket collectors will be given white fair trade cotton shirts through the supply network of clothing bearing the Max Havelaar label set up by Armor Lux. SNCF supports the Platform for Fair Trade as well as the feasibility of an international fair trade standard.

# SNCF & ITS SUPPLIERS



1. New ticket collectors uniform.
2. Club-car aboard an <sup>®</sup>IDTGV.

# 2

## OUR AREAS OF RESPONSIBILITY

A COMPANY THAT IS MINDFUL OF ITS KEY ISSUES



1.



2.

1. Station manager signalling a TER to depart from the Lannion station.
2. 467,300 disabled customers received assistance at stations in 2006.
3. Alpine rail motorway, train at Modane station.

3.



> Minimise our impact on the environment, offer our employees a work setting that ensures both their success and personal growth, and put all our energy into making SNCF a more community-minded company that facilitates everyone's access to transport: these are the strengths that make SNCF a responsible company.

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39	SNCF & its Customers
40	SNCF & its Employees



# ENVIRONMENTAL PROTECTION: THE CORNERSTONE OF OUR RESPONSIBILITY

Rail transport produces fewer CO<sub>2</sub> emissions than any other means.

However, SNCF cannot stop there: as a European leader in rail transport, it has a special responsibility with respect to the environment.

## Rail transport as offered by SNCF

accounts for only 0.64% of all CO<sub>2</sub> emissions generated by the transport sector. 90% of the distance travelled each day in France by the 14,000 passenger and freight trains relies on electric traction locomotives and 77% of the energy consumed by SNCF's trains comes from electricity, which contributes less to global warming than fossil fuels.

The economic costs to the community are also worth noting: 95.5% of external transport costs are attributable to private transport, while only 4.5% are attributable to public transport (source GART).

## ENVIRONMENTAL MANAGEMENT

SNCF's goal is to have all its entities implement an environmental management system (based on ADEME's PEE 2000 method) and to have all the Rolling Stock entities ISO 14001 certified by the end of 2008. At the end of 2006, 190 out of 250 entities had conducted an environmental diagnostic, 80 had an environmental management system in place, and three had received ISO 14001 certification. In 2007, these efforts will continue with the completion of all the environmental diagnostics, the implementation of environmental management systems, and the certification of 19 other entities.

## MANAGE INDUSTRIAL RISKS

SNCF ensures that risks are managed at its 3,200 ICPE facilities\* both during and outside of operations. At the end of 2007, an internal database called IMPACT-ICPE will be used to effectively monitor non-conformities at ICPE facilities, assess their cost and schedule work to correct them. The company is also in the process of upgrading the service stations that supply the rolling stock and plans to streamline the repair of the diesel fuel distribution points throughout the national railway network.

*\*3,000 subject to declaration and 200 subject to an operating permit.*



1.



2.

1. Maintenance of a Transilien train set.
2. Noise study.
3. The East European Technicentre.



3.

## ENVIRONMENTAL MANAGEMENT: WHAT ARE THE BENEFITS?

### Expenses for prevention

By bringing the facilities into compliance, risks of vulnerability are managed and costs are reduced. Postponing the investment would require the company to make repairs that might cost even more at a later date.

### Cost reduction

Improving the environmental quality of the industrial sites entails a number of good practices: installation of usage meters; reduction of water consumption costs; selective sorting of waste resulting in a 20% reduction in costs for certain entities, etc.

### Performance

For certain projects, such as HQE® (high environmental quality) buildings, the “overall cost-benefit” analysis helps to facilitate projects that would have never been undertaken from a short-term standpoint. In this case, the gain resulting from operation of the building is greater than the added cost related to the investment.

## GREATER PROTECTION OF WATER

### As part of its environmental management process,

SNCF is pursuing its efforts to reduce water consumption (14.1 million euros in 2006).

The company is also reducing pollutants produced by its industrial activities by adapting water treatment equipment and systems to changes in the railway system. It is selecting suitable herbicides to minimise the risk of water contamination by crop protection products used in track maintenance. In 10 years, SNCF has reduced the crop protection products it uses by 40%.

The company encourages the use of “intelligent weeder trains” which detect the presence of vegetation on the tracks and, because of more precise application, play a role in preserving the ecosystem.

In March 2007, SNCF signed a framework agreement with RFF, the Ministry of Ecology and Sustainable Development and the Ministry of Agriculture and Fishery concerning the use of crop protection products and reducing their impact on water quality.

## REDUCE NOISE POLLUTION

### The actions taken by

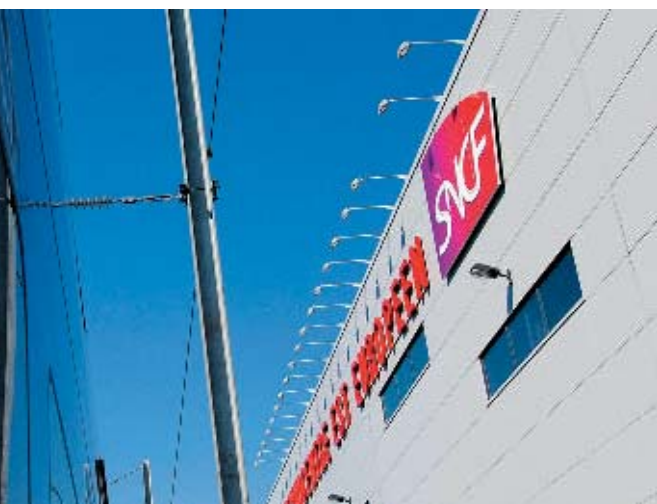
SNCF focus mainly on reducing noise caused by its rolling stock. For new rolling stock equipped with brake shoes made of composite materials or disks, which represented 62% of the passenger fleet in 2006, an average reduction of 5 to 10 dB(A) of sound energy was achieved. Re-equipping the Freight rolling stock is being studied (6.4% of the fleet is currently equipped with composite brake shoes) since equipping the

cars with quieter brakes could require a change in the brake rigging, depending on the option chosen. As infrastructure manager on behalf of RFF, SNCF is also involved in the construction of walls and barriers that reduce noise by approximately 5 dB(A) on average. It also researches solutions aimed at reducing noise in the switching yards through the use of grooved rail brakes, which reduces sound noise at the source by 14 dB(A).

## WATER CONSERVATION AT THE EAST EUROPEAN TECHNICENTRE

Opened in April 2006, the East European Technicentre provides maintenance of the latest-generation TGV train sets according to environmental quality standards. The centre is equipped with a wastewater treatment and recycling plant that allows 70% of

wastewater from cleaning machines to be reused, thus reducing total water consumption by 50%. The East European Technicentre, which showcases the company's know-how, is expected to obtain ISO 14001 certification in the near future.





## 2 OUR AREAS OF RESPONSIBILITY

# ENVIRONMENTAL PROTECTION: THE CORNERSTONE OF OUR RESPONSIBILITY

### ENVIRONMENTALLY-FRIENDLY BY NATURE

(g of CO<sub>2</sub> per passenger per km)

TGV  
**2.6**

AUTOMOBILE  
**111**

AIRPLANE  
(short and medium range aircraft)  
**148 to 134**

### ENERGY EFFICIENCY

Example of average trip with 1 kg equivalent oil/passenger (source ADEME)

TGV  
**172km**

AUTOMOBILE  
**39km**

AIRPLANE  
**18km**

### SPACE SAVINGS

TGV area 5 to 7 hectares/km

**width 15m**

4-LANE MOTORWAY  
area 9 to 10 hectares/km  
**width 28m**

6-LANE MOTORWAY  
area 10 to 11 hectares/km  
**width 35m**

### BETTER MANAGEMENT OF WASTE DISPOSAL

#### SNCF's waste management policy

is centred around four key areas of focus: improvement of local management; development of framework agreements for managing products at the end of their life cycle and industrial waste; gradual integration of eco-design of products, and implementation of the Impact-Déchets waste management intranet application. SNCF's goal is to have suppliers be more involved in the reclamation and disposal of products at the end of their life cycle. To this end, the company will conduct a study in 2007 involving about 10 pilot stations to identify the most appropriate waste management options based on local requirements. In parallel to this, it will begin a dialogue with on-board caterers aimed at better managing waste at the source.

### ENSURE THE SAFE TRANSPORT OF HAZARDOUS MATERIALS

#### The transport by rail of hazardous materials

is strictly regulated by RID – Regulations Concerning the International Transport of Hazardous Goods by Rail – which lists more than 3,000 authorised materials. In 2005, SNCF Freight transported 15 million tons of these materials, which represented 14% of its commercial traffic and more than 300,000 cars per year. For this reason, Tr@in-MD, an ambitious research and development project, is being carried out over a three-year period. An on-board alert system not only identifies the location of each car, but also detects any problems and transmits them in real time through a GPS signal, along with the exact location of the tank car. This means that customers' hazardous materials are transported more safely. It also leads to better management of environmental risk and greater protection for those living near waterways. At the end of 2006, an experiment to track the MDs using a GPS device was conducted on 10 cars with a view to developing this service.

### REDUCE AIR EMISSIONS

#### SNCF is researching new technical solutions

in an effort to continue to reduce pollutant levels: training conductors in energy-saving driving techniques; reducing pollution emitted by its diesel fleet, which is currently being upgraded;



1.

1. The Arkema chemical company, an SNCF Freight customer.

## EXPERIMENTATION WITH BIOFUELS OF VEGETABLE ORIGIN

Since the fall of 2006, SNCF has embarked on three programmes to test biofuels of vegetable origin:

- a fuel made up of 30% biofuel and 70% diesel fuel will be tested on X TER 73500 rail-cars in three regions of France in 2007 and 2008;
- the same fuel will be tested on the fleet of light rail motor tractors at a Freight car switching yard;
- finally, two type BB diesel locomotive engines powered by 100% biofuel of vegetable origin will be tested on a test bench.

## THE NEW EAST TGV HQE® STATIONS

The projects concerning new stations (Champagne-Ardenne TGV, Meuse TGV and Lorraine TGV) or renovated stations (upgrading of 18 existing stations) are based on the HQE® standard. To comply with the law of 2005 and to meet SNCF's objectives, these stations and all related services will be fully accessible to persons with disabilities and reduced mobility.

# 193

TONS OF CROP PROTECTION PRODUCTS PURCHASED

using more energy-efficient equipment, including initial tests on particle filters, and optimising operating conditions (choice of areas for parking and warming up the motive power units, reduction of warm-up times, etc.).

seven national high-output weeder trains and the 26 regional weed sprayers in accordance with environmental regulations. Lastly, SNCF will re-engine the 66,000 locomotives to 69,000, an operation that marks the end of a highly-publicised campaign regarding pollutants emitted by the old heat-engine units.

As for Freight, it recently received the first next-generation thermal engines, which are less polluting and more efficient.

## THE DIVISIONS MAKE A COMMITMENT TO THE ENVIRONMENT

### At Infrastructure, ISO 14001 certification of the EIV (Industrial Equipment Establishments)

is continuing with the certification in 2006 of the Le Mans EIV. Infrastructure is also taking steps to reduce its consumption of exotic wood by replacing it with domestic species and to eliminate PCBs (polychlorinated biphenyls) from polluted facilities and contaminated devices. By 2008, this should impact 410 pure PCB devices and 2,510 polluted facilities. A project that is already underway in 12 regions involves the removal of asbestos from signal bungalows, which will be completed by 2010. In terms of stock, the Infrastructure division has begun to upgrade the



2.



3.

2. Yard at the Meuse TGV station, one of the three new stations on the East European TGV line.

3. "Vegetable-powered" logo on a TER.

# DEVELOP HUMAN POTENTIAL

**SNCF is involved in both public service missions and business activities subject to competition. This two-fold role means that particularly high demands are placed on it and makes it a legitimate, recognised player from which corporate social responsibility is expected. At the same time, this role greatly benefits the company's performance, competitiveness and progress in terms of its own and its employees' development.**

For this reason, SNCF's objective is to draw on its corporate culture and traditional values of solidarity and commitment, while at the same time make its human resources policy one of the keystones of its modernisation. These challenges can be met only with the full support of its employees: thanks to their know-how and commitment, railway workers are the pillars of the company's effectiveness.

## SUPPORT CHANGE

**Anticipate and support** changes in job functions and make the necessary industrial adjustments, while at the same time favouring employability and social cohesion. To achieve this objective, one thing is mandatory: knowing how to mobilise and make the most of all types of skills. It is a lofty goal and much work will be needed; this year saw the continued implementation of important measures and the start of crucial projects. The progress made in 2006 includes new measures and concrete tools for anticipating and supporting employee mobility, ongoing updating of management, and a proactive recruitment policy aimed at young people.

## MAKE A COMMITMENT

**SNCF's goal is to combine economic and social performance.** More than ever, it is resolute in its commitment to equal opportunity

## DRAWING ON HUMAN POTENTIAL

**SNCF'S emphasis on responsibility reflects both employees' expectations and the company's values. In 2006, five key priorities were defined:**

- a proactive recruitment policy,
- ongoing updating of management,
- support of industrial adjustments,
- labour-management relations and contract policy,
- equal opportunity and occupational integration.

1. East European LGV digital images seen through the cab's windshield.

2. The "Proximi'T" project puts Transilien business services employees on the path to becoming true service professionals.





and diversity of all kinds within the framework of a decisive, coordinated policy. Thus, SNCF supports the major movements prevalent in French society and is deriving a competitive advantage from this policy. Diversity, equal opportunity, jobs for the disabled, a demand for fairness and trust and the desire to provide concrete solutions, in partnership with members of civil society. Finally, for SNCF, making a commitment also means implementing a firm policy in terms of health and prevention of occupational risks, which resulted in a sharp decrease in work-related accidents in 2006.

## ANTICIPATE AND SUPPORT

### SNCF is continuing to implement the 2005/2008 training agreement,

which entails respect of each employee's individual right to training. In addition, measures related to Forward Planning in Employment and Skills are being revisited, in close collaboration with the divisions (businesses/areas), those responsible for changes in job functions, and the regions; this process is built around four areas of focus for which actions were already taken in 2006:

- initial and ongoing training: implementation of the training passport, updating of the programme for access to lower management, support in transitioning to an executive position;
- job mobility and occupational guidance: creation of a dynamic information and orientation intranet site accessible to all employees (announcement of jobs

within the company and bridges between these jobs, selection of jobs that match an employee's personal criteria, etc.);

- career motivation: set-up of specific interviews and scorecards aimed at giving a boost to the 2<sup>nd</sup> part of the career cycle;
- transfer of skills: development of a three-year Skills Master Plan, creation of a Jobs Institute. For management personnel, the career development process has been completely revised, as has the annual interview process.

In addition, an agreement aimed at supporting mobility resulting from organisational and job change measures was approved by Management and five labour unions.

## RESPONSIBLE MANAGERS

**In keeping with** the policy implemented over the last four years, SNCF is continuing to update middle management through a number of initiatives aimed at training and informing: Management Charter, managerial training of local managers, school for entity managers, managerial scorecards, performance interviews, assessment centre, etc. This process is being carried out under the banner of accountability and employee involvement innovation. The company has also introduced compensation programmes tailored to all levels of management. Finally, 2006 ended with the opening of the SNCF Group University, a major event for managers.

## NEW TALENTS

**The steady level of recruitment** continued in 2006 with some 5,900 new recruits (65,000 since 1997). Emphasis was placed on three key objectives: integration of young people, development of work-study programmes (nearly 1,350 new contracts in 2006) and hiring of experienced personnel. These recruitments occurred in the context of the company's commitment: women accounted for 40% of the CVs received and at least 39% of the managers hired. Specific, decisive measures were taken in the interest of diversity. 2006 also saw the implementation of the "New Recruits" initiative, which culminated in early 2007 in the introduction of a set of objectives, and an integration and dialogue tool.

**167**  
HANDICAPPED PEOPLE  
RECRUITED IN 2006

## EQUAL EMPLOYMENT OPPORTUNITIES

The "Itinéraires métiers" (career path) website was set up to give young people and teachers access to technical functions and, more specifically, to encourage young women to take an interest in these jobs, in which they are under-represented.

3. A train business services employee (ASCT) operating the door-closing switch as a TGV leaves the station.



3.

# DEVELOP HUMAN POTENTIAL

# 5,900

NEW RECRUITS IN 2006

### EQUAL OPPORTUNITY AND DIVERSITY

**All those involved in recruitment** have been trained and made aware of issues such as diversity and the risk of discrimination through steps taken to empower recruiters. The effort made in this regard has been aimed primarily at young people from sensitive urban areas: Equality & Skills meetings helped increase the number of recruitments in these areas by 50% and the “600 stages” internship operation also targeted young people from disadvantaged neighbourhoods.

### MEN AND WOMEN: FINDING A BETTER BALANCE

**Nearly 140,000 men and 30,000 women** currently make up SNCF’s active workforce. Between 1994 and 2006, the employment rate of women rose from 12.6 to 17.5%. Yet in certain jobs, women are still largely under-represented (highly technical rail

jobs) or over-represented (social, paramedical, etc.). Mindful of the need to pursue efforts aimed at occupational diversity, in 2006 SNCF took an important step in signing and implementing the agreement of 8 March concerning gender diversity and equality in the workplace. In addition to making a commitment to diversity, the agreement facilitates the hiring of women and emphasises a balance between work and personal life by incorporating parenthood into career path management. Key measures include: objectives related to increasing the number of women in technical jobs, not counting maternity periods in the wage increase process, and devising ways to provide information about care facilities for employees’ children (the Info-Parent centre was created in 2007).

### JOBS FOR THE DISABLED: BETTER THAN EXPECTED

**With the recruitment of 167 disabled people** in 2006 compared to a target of 100, SNCF continued to implement an overall policy during the year that encourages employment of the disabled as part of its company-wide agreement. The key points of this agreement are recruitment in all areas, job retention and reclassification, purchases from the disabled workers sector, training and awareness-raising, workstation adjustments and accessibility. In Île-de-France, in particular, the company launched an innovative operation that involved improving the quality of recruitment procedures at its Rolling Stock entities.

### REINTEGRATION THROUGH EMPLOYMENT

**A number of occupational integration measures** were taken with the implementation of

### EQUALITY & SKILLS MEETINGS

In 2006, SNCF organised 12 Equality & Skills recruitment forums in the heart of disadvantaged urban neighbourhoods in partnership with local players (communes, associations, employment services, etc.). At the start of each forum, 300 to 500 candidates were pre-selected by ANPE,

local missions and occupational integration associations. Nearly 4,000 people had a chance to learn about jobs at SNCF and close to 2,400 recruitment interviews were held. Approximately 650 candidates from working-class neighbourhoods were recruited in 2006.

the framework agreement signed in 2005 with the Ministry of Employment aimed at integrating those who are the least employable and receive minimum income. In total, nearly 532 return-to-work contracts were signed in 2006. These subsidised contracts are made with the company or through integration programmes managed by SNCF's Solidarity Foundation.

## ONGOING SOCIAL DIALOGUE

**The number of agreements** signed demonstrates the company's willingness to participate in the contractual process (cf. table of agreements). In addition, the conflict prevention measures taken in 2004 have had real, albeit gradual, effects: decrease in conflict with regard to days missed per employee as a result of strikes, lowest number of notices given in 15 years as of the end of September 2006, and conflicts resulting mainly from national issues that do not involve SNCF.

## AGREEMENTS AND COMMITMENTS

The company has made a wide range of agreements and commitments.

### External agreements and commitments

- National agreement with ANPE (February 2006).
- National agreement with the Commission nationale des missions locales (National Commission of Local Missions) (May 2006).
- Framework agreement between the Ministry of Defence and SNCF (November 2006).
- Agreement with Sciences Po, the National Education Ministry and several large companies to conduct an experiment with several secondary schools in Seine-Saint-Denis.
- Companies Commitment Charter in favour of equal opportunity in education (December 2006).

### Internal company-wide agreements

- Ongoing application of the Freight company-wide agreement.
- Agreement on gender diversity and equality in the workplace (March 2006).
- Third year wage agreement (June 2006).
- Agreement to support mobility resulting from organisational and job change measures (October 2006).

### Participation in negotiations in the business sector

- In Europe:
  - transposition of the CER-ETF agreement on staff working conditions abroad into a European directive;
  - discussion on the draft directive concerning the certification and official start of the harmonised language project.
- In France:
  - start of negotiations on development of a harmonised social framework (between social regulations applicable to longtime operators, on the one hand, and to new operators, on the other hand);
  - second profit-sharing agreement in June 2006 (this agreement was rejected for the second straight time by labour unions representing the majority of voters at the company elections).



1. Maintenance work at the Villeneuve equipment maintenance industrial entity.

2. Young recruit at the Saintes equipment maintenance industrial entity.



# CIVIC-MINDEDNESS AND SOLIDARITY

**As a longtime operator of rail transport, SNCF has a special place in the lives of people and communities. Through its solidarity and civic-mindedness, SNCF's goal is to reflect the concerns of society: fight against discrimination, facilitate everyone's access to transport, have stations be places of support and a part of people's lives, and make a commitment to young people in difficulty in order for them to build their lives and enter the workforce with the help of the Solidarity Foundation.**

## FACILITATE EVERYONE'S ACCESS TO TRANSPORT

**SNCF devotes its energies to facilitating everyone's access to trains and stations**

and has set two key objectives along these lines. The first is to make stations/networks even more accessible to persons with disabilities and reduced mobility (37% of stations were accessible as of 31 December 2006 versus 28.7% in 2005).

The company's policy takes all types of disabilities into account (visual, motor, hearing, mental and cognitive), in accordance with the new regulations derived from the law of 11 February 2005, which requires that the entire travel circuit, and particularly means of transport and entities open to the public, be made accessible. SNCF has devised an approach based on dialogue with disabled people and the associations that represent them.

This approach has highlighted the importance of reception and support services for people with reduced mobility.

Launched in October 2006, the Accès+ service addresses this objective: it allows people who are more than 80% disabled to reserve, at no charge, reception and support services from the time they arrive at the departure station until they leave the arrival station. The second objective is to offer a fare policy that allows as many people as possible to travel.

In line with the regions' social policies, SNCF develops special public transport offers for job seekers and low-income families. For its part, TGV also offers a wide array of commercial fares.

77% of customers enjoy reduced fares and 80 to 90% of customers who have a discount card travel at half-fare. As for occasional customers and those travelling for pleasure, roughly 23 million were offered low fares in 2006 (9 million Prem's tickets and 1 million last-minute specials).

## SUPPORT AT THE STATIONS

**SNCF is mindful of the human and social problems of homelessness in the stations.**

Although for most people the stations are public transit areas, for others they can be places of refuge. Each year, through its Solidarity Mission and together with its community partners, SNCF comes to the aid of more than 100,000 people in difficulty by offering a wide array of concrete solutions: emergency housing cars, welcome centres in the stations for homeless individuals, integration programmes, etc.

1. Ground agent giving information to a passenger at the Lyon station during the busy winter season.

2. Station manager giving information to a passenger with reduced mobility at the Lannion station.



## ACCESSIBILITY TEST STATION

To comply with the law of 11 February 2005, starting in May 2006 and following nine months of preliminary work, SNCF began to test a number of accessibility solutions at the Paris-Montparnasse station. A team of polltakers from TNS-Sofres questioned more than 1,000 disabled passengers, able-bodied passengers and station employees in an effort to find solutions that would most contribute to passenger travel. A total of 35 facilities were tested and evaluated over a typical route in order to determine the improvements needed to facilitate mobility in the stations.

# 500

MILLION EUROS IN EQUITY  
WILL BE INVESTED OVER  
10 YEARS TO MAKE TRAINS  
AND STATIONS ACCESSIBLE.

## SOLIDARITY: RAILWAY WORKERS' COMMITMENT

### By supporting associations involved in social and educational prevention programmes

aimed at young people around the country, the Solidarity Foundation itself benefits from action taken in the field by volunteer railway workers. Indeed, these workers truly act as "solidarity accelerators" by allowing the association they

support to take part in a call for projects that are eligible for a "Coup de Coeur solidaire" (project financial aid), based on an endowment of up to 3,000 euros. As part of its 2006-2010 initiative, the Foundation has been given additional resources and has entrusted its network of 24 Solidarity Committees with the task of selecting the projects and allotting the aid at the ground level. As a result, in 2006 more than 200 associations were awarded these "Coups de Coeur", thus enabling them to carry out their projects.

# 3,000

SOLIDARITY INITIATIVES  
CARRIED OUT IN 2006



3.

3. Didier, a nurse, and Laurence, a railway worker assigned by SNCF to the Paris emergency medical care service (SAMU).

## 2 OUR AREAS OF RESPONSIBILITY

# CIVIC-MINDEDNESS AND SOLIDARITY

# 24

SOLIDARITY  
COMMITTEES

### SNCF DIALOGUES WITH ASSOCIATIONS

**Created on 16 February 2006** through a cooperation agreement signed by SNCF and the associations, the Persons with Disabilities and Reduced Mobility Advisory Board provides an opportunity for dialogue at the highest level between the company and the associations twice a year.

### THE SOLIDARITY FOUNDATION IN ACTION

**Since 2006, the SNCF Solidarity Foundation has been involved** in a social and educational prevention programme aimed at young people, in partnership with hundreds of associations throughout France. It has 24 regional solidarity committees which have subsidised more than 200 "Coups de Coeur"; in parallel to these regional activities, some 50 national partnerships have been created.

– A major theme for 2006 is education through sport, which resulted in a partnership with 150 associations and the sponsorship of well-known champions like Mayar Monshipour who are working with young people.

– Special emphasis is placed on helping young people enter the work world by creating microenterprises: three-year commitment to ADIE (Association for the Right to Economic Initiative) to support some 100 entrepreneurs.

– In 2007, SNCF made a commitment to support the creation of 700 subsidised jobs. In 2006, 532 contracts were signed, including 300 through integration programmes in partnership with specialised associations.  
– Creation in 2006 of the Association of Volunteer Railway Workers for the Foundation, aimed at connecting new volunteers and the Foundation's partner associations.

# 300

ASSOCIATIONS WERE ACTIVE PARTNERS  
OF THE SOLIDARITY FOUNDATION IN 2006

APPROXIMATELY

# 800,000

EUROS AWARDED TO THESE ASSOCIATIONS  
FOR SOCIAL AND EDUCATIONAL PREVENTION  
PROGRAMMES AIMED AT YOUNG PEOPLE

1&2. Information  
given at a school.



1.





## **RAILWAYS AND GOOD CITIZENSHIP**

**Building on its recent partnership with the National Education Ministry, in September 2006 SNCF trained nearly 600 volunteer railway workers in the new "Voyageur**

**et Citoyen" (passenger and citizen) educational programme, which is designed to give school children and teenagers a greater understanding of safety and**

**good citizenship in rail transport. By the end of the 2006-2007 school year, some 200,000 young people will have benefited from this programme.**





1. "Jeune Voyageur Service" guide (a service for young passenger) taking care of a group of children.

2. Total accessibility of the new Transilien train.



2.

## Fares and special offers for all passengers

**SNCF'S COMMITMENT / Offer a fare policy that allows as many people as possible to travel.** In response to regional policies regarding public transport fares, SNCF offers special fares for job seekers and low-income families. For its part, TGV also offers a wide array of commercial fares. 77% of all trips on SNCF trains are made at subsidised or flat rates.

## Trains and stations accessible to disabled people

**SNCF'S COMMITMENT / Improve accessibility to trains and stations for persons with disabilities and reduced mobility** (37% of stations accessible as of 31 December 2006 versus 28.7% in 2005). 500 million euros in equity will be invested over 10 years to make trains and stations accessible.

## Goods transport within closer reach of its customers

**SNCF'S COMMITMENT / Intermodal transport**, rail motorways, Europe-wide trains containing several loads and multimodal logistics centres: rail freight is the perfect solution for transport across Europe.

# SNCF & ITS CUSTOMERS



## Growing with the company

**SNCF'S COMMITMENT /** In 2006, SNCF's Management and five of its labour unions approved an agreement in support of employee mobility and greater awareness of each employee's social and family circumstances.

## Promoting employee health and safety

**SNCF'S COMMITMENT /** SNCF takes preventative measures to protect employee health and safety. In addition, issues such as the fight against discrimination, gender equality and the integration of disabled people are an important part of the company's corporate policy.

## Supporting the integration of young people

**SNCF'S COMMITMENT /** In 2006, SNCF organised 12 Equality & Skills recruitment forums in the heart of disadvantaged urban areas. At each of these forums, 300 to 500 candidates were pre-selected by ANPE, local missions and occupational integration associations. Nearly 4,000 people had a chance to learn about jobs at SNCF. About 650 candidates from these neighbourhoods were recruited, including 350 who had attended the Equality & Skills meetings.

# SNCF & ITS EMPLOYEES



2.

1. SNCF railway shunter and Novatrans employee at the intermodal transport yard in Noisy-le-Sec.
2. Bischeim equipment maintenance industrial entity.

# 3

## PROMOTER OF SUSTAINABLE MOBILITY

SERVING INDIVIDUALS AND COMPANIES

1. TER parked at the Tours station.

2. Double-decker TGV and TéoZ train sets parked at a station.





> SNCF has long been a leading player in land development. Today, it is also involved in the creation of the European area.

It is an innovative, up-to-date company which, together with the Organising Authorities and regions, develops appropriate, effective solutions that benefit individuals and companies alike.

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# INVESTING TO BUILD THE FUTURE

For SNCF, building the future requires an active innovation and research policy in terms of passenger and goods transport at the regional, national and international level. As a leading player in land-use planning, SNCF invests heavily in continuous improvements to customer service quality.

## AN EFFICIENT TOOL

SNCF is preparing for the future by investing, either on its own behalf or on behalf of public bodies, nearly 10 billion euros between 2004 and 2008 in new rolling stock and in new commercial, industrial and service facilities.

In 2006, SNCF invested a total of 2.5 billion euros, 1.7 billion of which was spent on rolling stock (1.5 billion for passengers and 210 million for rail freight) and 210 million for the stations.

## EUROPEAN INITIATIVES

SNCF is party to several European collaboration agreements.

In 2006, Europe opened its doors to the TGV through Railteam, a project involving seven European operators which have formed an alliance to build a high-speed European rail network.

In April 2006, SNCF, B Cargo, CFF Cargo and CFL created the SIBELIT company. The main purpose of this company, whose operations centre is based in Luxembourg, is to operate the Muizen-Basel route, reduce production costs and improve the quality of rail transport of goods on the Anvers-Milan route. In January, an agreement was signed between SNCF and the German operator DB (Die Bahn) to create a joint TGV and ICE operating subsidiary in Germany and France.

# 1.7

BILLION EUROS SPENT ON ROLLING STOCK



1. The Railteam network.

2. Raising of a TGV train set.



As part of its commitment, SNCF offers several services and courtesies to users and the transport organising authorities in terms of intermodality. "Accéa MODES

DOUX" is a service that is designed to help the organising authorities develop their bicycle master plan, manage bicycle parking areas and work on signage. One of

the objectives of multimodal stations is to make them a part of passengers' lives where their needs are taken into consideration (stores, recreation, services, etc.).

### MODAL SHIFT IN THE AREA OF FREIGHT

#### Freight is supporting the establishment of local operators in the Morvan and Central regions

in an effort to promote a modal shift toward rail transport and open up the rural areas. This same logic is behind the creation of rail motorways. For example, in 2003 France and Italy agreed to allow up to 50,000 lorries per year to pass through the Fréjus tunnel rail line with the help of four shuttles per day, each with a capacity of 18 complete heavy vehicles (or 28 trailers). After a trial period that ended in late 2006, this rail motorway should be in full operation starting in 2007 with a target of 300,000 to 600,000 heavy vehicles. Freight is also involved in urban areas. In July 2006, the company signed the Charter of Good Practices in Transport and Deliveries of Merchandise within Paris. In conjunction with the proposed Paris Mobility Plan, this charter is designed to promote the

sustainable transport by rail or river of goods transported into and out of Paris and to encourage the use of low-emission delivery vehicles. SNCF and RFF have agreed to protect logistics sites on land owned by them and to assign these sites first to companies that will use them in a way that is favourable to the urban environment.

# 2.4

**BILLION EUROS IN INVESTMENTS IN 2006**



3. Lorry waiting to be unloaded at the Novatrans site in Noisy-le-Sec.

4. At the East European Technicentre, these platforms will be used to maintain the pantographs of the ICEs.



## INVESTING TO BUILD THE FUTURE

# 210

MILLION EUROS  
INVESTED IN FREIGHT  
ROLLING STOCK

### RAISE THE PUBLIC'S AWARENESS OF ENVIRONMENTAL ISSUES

Whether in urban or rural areas, in France and in Europe alike, SNCF has taken numerous initiatives aimed at passengers in an effort to promote responsible, sustainable mobility.

#### **ÉCOCOMPARATEUR®: SOCIALLY-AWARE TRAVEL**

Under a partnership with ADEME, Voyages-sncf.com has created ÉcoComparateur®, a tool that allows any Internet user to search for the cheapest, fastest or least polluting means of transport.

ÉcoComparateur® calculates the CO<sub>2</sub> emissions of each means of transport for a given destination.

#### **EUROSTAR, ENVIRONMENTAL ALLY**

A study conducted in Great Britain by Paul Watkiss Associates and AEA Technology Environment (British agency responsible for air quality and reports on greenhouse gas emissions) on behalf of Eurostar Group, which was published in October 2006, revealed that London-Paris and London-Brussels flights generate 10 times more CO<sub>2</sub> emissions than Eurostar over the same routes.

#### **RESPONSIBLE TRAVEL**

In September 2006, the bougeonsmieux.com website added a new section entitled "Moving Ecologically" which lists everyday tips and practices for protecting the environment.

### INNOVATIONS FOR THE ENVIRONMENT

PLATHÉE (platform for energy-efficient and environmentally-friendly hybrid trains) is a switching locomotive equipped with batteries, supercapacitors, a fuel cell and a special engine for testing biofuels.

By allowing it to test energy hybridisation solutions suited to rail transport, SNCF will be able to make the best decisions concerning hybrid systems.

The simulations conducted in 2006 resulted in a 20 to 50% reduction in energy consumption and a 30 to 70% decrease in polluting emissions.

–As an experiment, SNCF is studying a prototype of train and station roofs consisting of a series of photovoltaic cells.

–In late 2006, a freight locomotive was equipped with a particle filter specially designed for rail.



# AN AMBITIOUS RESEARCH PROGRAMME

## BUDGET INCREASE

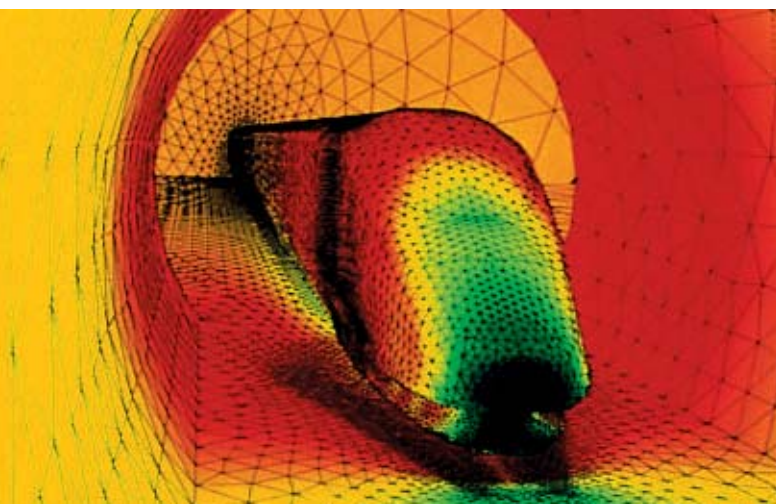
**In 2006, 22 million euros were budgeted for SNCF's research programme**, which consists of projects originating at the divisions and carried out under the supervision of the Directorate of Innovation and Research. The programme covered such diverse areas as the environment, passenger comfort and services, employees and their work environment, and advanced maintenance techniques. With a budget estimate of 25 million euros in 2007, the research effort will be 12% greater than in 2006.

## LESS ENERGY, LESS IMPACT

**Since the beginning of 2006, the environment has been the subject of a specific key programme** aimed at developing alternative solutions to fossil energies, particularly for traction. SNCF's research programme encompasses two projects on this theme: SPACT 80, in collaboration with Areva and the French air force to develop a fuel cell that meets the needs of rail transport, and B100, to develop a heat engine that runs on 100% diester fuel. Another aim of the research programme is to reduce energy consumption (calculation of energy-efficient running of trains, hybridisation, recovery and storage of brake energy, etc.), reduce the energy-related environmental impact (particle filter project for diesel engines, environmental scorecard of alternative solutions, etc.), and increase the portion of electric traction under acceptable economic conditions.

## PREPARE FOR THE FUTURE

**The key projects planned for 2007** include a forward-looking study aimed at identifying future technologies, a broad view of potential energy sources along with a breakdown of the company's consumption between 2015 and 2020, the PLATHÉE project, continuation of Tr@inMD, which involves using new technologies to transport hazardous materials, and driving assistance to optimise stops at stations and facilitate access to trains for people with reduced mobility.



2.



3.

1. Billboard campaign for EcoCompareur®.
2. Pressure contours in a tunnel.
3. Traditional research has not been abandoned: rail-wheel contact.

# WHAT IS THE OUTLOOK FOR RAIL TRANSPORT?

Despite the fact that in recent years highways have accounted for the highest growth in transport volume, it is possible to encourage growth that is more in line with issues related to climate change by emphasising alternative means of transport.

## THE CHALLENGE OF CLIMATE CHANGE

Thanks to the "Facteur 4" target, concerns about the environment are more at the forefront than ever. Because if France advocates the objective of cutting worldwide greenhouse gas emissions in half by the year 2050, its own emissions must be reduced by 75%. With more than one-fourth of carbon dioxide (CO<sub>2</sub>) emissions (27%) and more than one-third of GHG emissions (35%), transport represented not only the most

emission-producing economic sector but also the sector in which emissions grew the most in 2005. And yet the progress made in terms of CO<sub>2</sub> emissions of private vehicles is more than offset by the increase in the number of vehicles and the kilometres travelled. This is particularly true in that, in France, mass transit represents an inadequate portion of urban travel (between 8 and 10%). With the exception of the Paris area, major French cities are in the low bracket compared to their European neighbours. According to the new report by the European Environment Agency published in February 2007, "the mid-term review of the 2001 Transport White Paper could be interpreted as an easing of Europe's position on the need to take measures concerning transport volumes. (...) Technological advances, such as lower-emission, more fuel-efficient engines, are very important but cannot alone solve the problem of transport-related emissions."

## LONG-DISTANCE PASSENGER TRAVEL

**There is real complementarity between rail transport and other means of transport.**

The first step must be a decisive shift from road to rail. The next is to rely on air travel only when no other alternative is available. The main challenge facing rail transport is to reduce distances and improve accessibility by making travel times shorter. The last step is to enhance intermodality through efficient networks and connections.

**The success of this model hinges on an appropriate fare system**

based on the principle of everyone's access to transport, which sets SNCF apart from some European operators. This means not only a fare offer geared toward a high-end customer base, but also a policy of low, attractive fares.



1. Take the train – a simple idea for combating global warming (illustration introduced in connection with 2007 Sustainable Development Week).



## MOBILISE FUNDS AND DEVELOP APPROPRIATE REGULATORY TOOLS.

The challenge of climate change is thrusting us into the heart of an economic equation of unprecedented scope, which forces us to take a long-term view of our investment choices. From this standpoint, the findings of the report published in November 2006 by Nicholas Stern (economic advisor to Gordon Brown, British Chancellor and former head of economic studies at the World Bank) show that preventing climate change today would be less costly than mitigating its effects in the future. Of course, the level of financial support that communities are willing to provide in terms of infrastructures for sustainable mobility has a major impact on the performance of alternative means of transport and, therefore, on modal share. There is also a crucial area of study concerning the use of economic and regulatory tools (CO<sub>2</sub> emissions quotas, "white certificates", traffic regulation, urban toll roads, taxation, etc.), the rationale of which entails integrating external factors into infrastructure pricing and the price paid by the end customer.

## OUR LIFESTYLES IN QUESTION

By conducting a Bilan Carbone® (carbon inventory), companies become more aware of the predominance of transport in their emissions, thus prompting them to adopt a company travel plan and limit air travel in favour of videoconferencing or rail transport. As underscored by the French National Assembly in its April 2006 report on the greenhouse effect, we must "act on our lifestyles, which up

to now have been grossly ignored, particularly in the area of transport and housing". Along the same lines, the IMGE "Transports & mobilité" (transports and mobility) working group recommends "stepping up research in such areas as the links between transport and land-use planning, travel organisation, and behaviours related to choosing a means of transport and to the purchase and use of a vehicle".

## DEVELOPMENT OF FREIGHT

### Not only in France but throughout Europe,

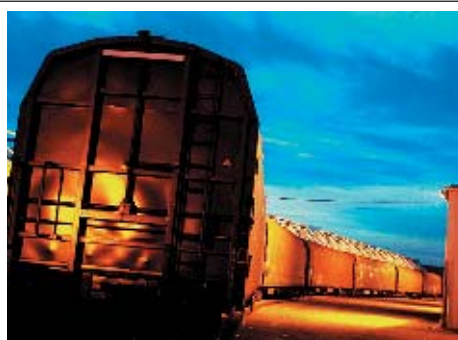
recent decades have seen a continuous decline in rail freight traffic, despite the fact that this type of transport offers significant environmental advantages.

In France, for example, the market share of rail transport was only 12% in 2005.

To meet demand, it is important that Freight take full advantage of potentially high-growth new markets by emphasising transport through sensitive areas and by wiping out the "border effect", particularly as regards the Alps and Pyrenees.

The container market will require enormous unloading capacities to prevent congestion in port areas. Lastly, the transport of heavy vehicles by "rail motorway" convoys needs to be developed. The development of Freight requires the implementation of decisive policies aimed at restoring balance to intermodal competition and

encouraging high traffic volume through major routes. To meet these new challenges, SNCF is spearheading a number of projects: creating local operators and joint ventures with other rail companies (SIBELIT which is made up of SNCF, B Cargo, CFF Cargo and CFL); reviving intermodal transport, postal TGV project, etc.



2. Rail facility at a mineral water bottling plant.





1. The regions invest in new, more efficient rolling stock.

2. The postal TGV in transit.



2.



## Develop intermodality

**SNCF'S COMMITMENT /** Wherever this contributes to better service, SNCF is developing intermodality, i.e. the creation of synergy and continuity among several means of transport. In October 2006, the Alsace, Brittany and Lorraine TER regions introduced their electronic regional transport card. This card, which resembles a bank card, allows passengers to move from one transportation network to another (TER, metro, tram, bus) within the same region.

## Building Europewide transport

**SNCF'S COMMITMENT /** SNCF is a European group whose subsidiaries generate 36% of their total turnover outside France. In 2006, a high-speed European offering was created with the launch of Railteam, a project through which seven European operators offer passengers a network of high-quality common services.

## Contribute to balanced land-use planning

**SNCF'S COMMITMENT /** 2006 saw the gradual establishment of local freight operators in the Morvan and Central regions. Objectives: promote a modal shift toward rail transport and open up the rural areas. This same logic is behind the creation of rail motorways, such as the one that connects France and Italy via the Fréjus rail tunnel. After a trial period that ended in late 2006, this motorway should be in full operation starting in 2007 with a target of 300,000 to 600,000 heavy vehicles.

# SNCF, THE GOVERNMENT, EUROPEAN INSTITUTIONS & BODIES



## Make the regions more attractive

**SNCF'S COMMITMENT / Public transport, which receives 70% of funding from local governments,** promotes intermodality through solutions that connect trains, trams-trains, trams, metros, buses and trolleys to encourage inner-city mobility.

## Build a long-term partnership with the regions

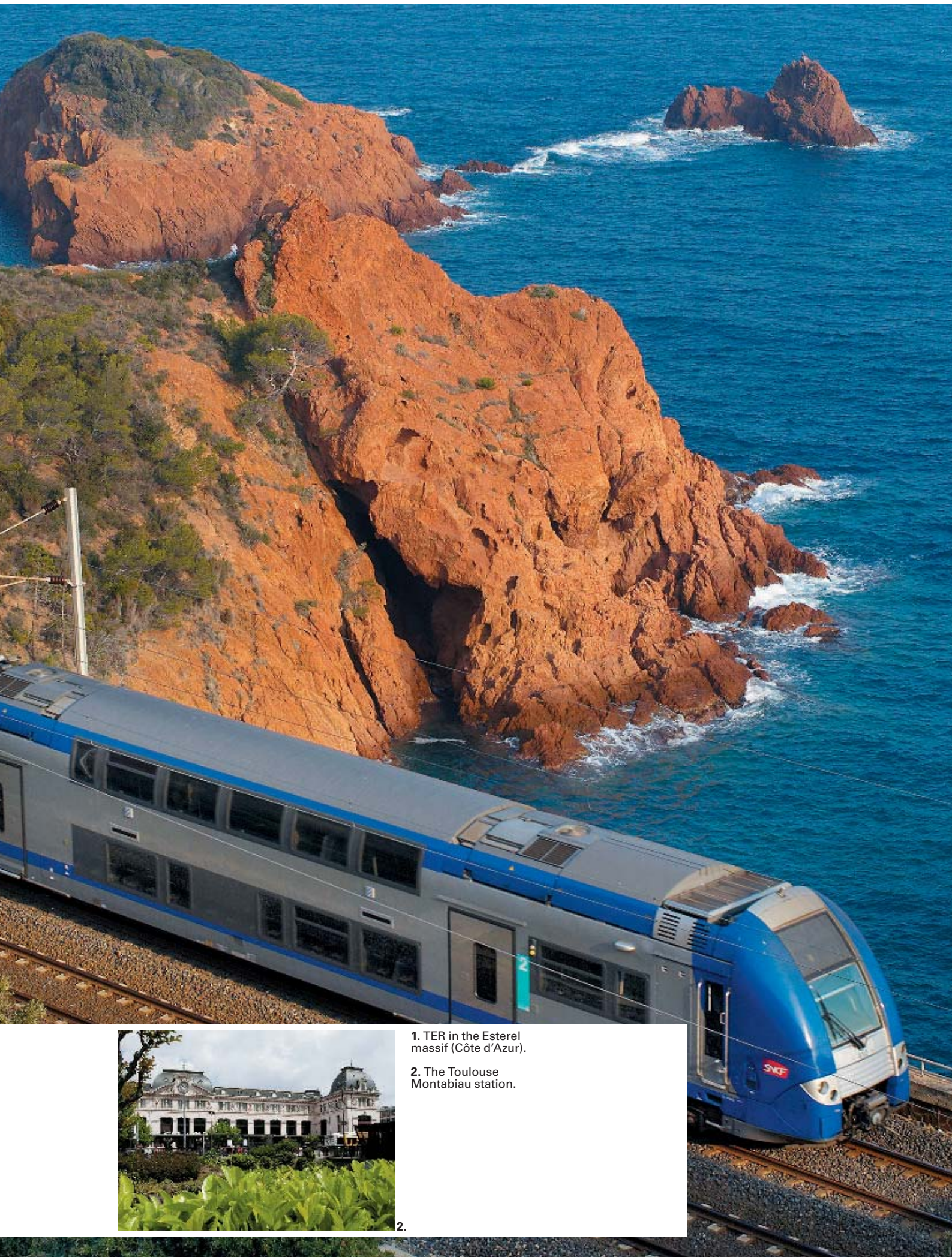
**SNCF'S COMMITMENT / SNCF is working with the Organising Authorities** to develop 13 new (so-called "2<sup>nd</sup> generation") regional agreements by January 2007. Since 2002, all the regions have worked in partnership with SNCF to provide regional transport.

## Make a commitment to solidarity

**SNCF'S COMMITMENT / Each year, through its Solidarity Mission** and together with its community partners, SNCF comes to the aid of more than 100,000 people in difficulty by offering concrete solutions: emergency housing cars, welcome centres in the stations for homeless individuals, integration programmes, etc.

# SNCF, THE ORGANISING AUTHORITIES & LOCAL GOVERNMENTS





1. TER in the Esterel massif (Côte d'Azur).  
2. The Toulouse Montabiau station.



# 2006 PERFORMANCE INDICATORS

The following indicators refer to the SNCF Parent Company.

	2003	2004	2005	2006
<b>ECONOMY</b>				
<b>INVESTMENTS (in millions of euros)<sup>(1)</sup></b>				
Stations	127.2	158.5	204.7	210
Passenger rolling stock (new, refits, servicing)	1,032.3	1,140.3	1,273.8	1,519
Freight rolling stock	153.9	139.5	218.3	210
Fixed installations – rolling stock and traction tools	152.8	163.4	267.4	448
<b>AVERAGE AGE OF ROLLING STOCK (in years)</b>				
TGV	12.6	13.2	13.8	14.5
EMU/DMU	17.7	17.6	17.3	15.9
Diesel locomotives	37.9	38.4	39.0	39.6
Electric locomotives	27.0	26.5	25.6	24.8
Private freight cars	28.0	29.0	29.5	29.9
SNCF freight cars	29.0	29.7	30.2	31.1
<b>ENVIRONMENT</b>				
<b>GREENHOUSE GASES (GHG)</b>				
% of CO <sub>2</sub> emissions from SNCF heat and electric rail traction (in tons)	1,023,447	1,019,840	947,537	915,487
Compared to CO <sub>2</sub> emissions from the entire transport sector	0.69	0.69	0.64	Not available
<b>ENERGY</b>				
Consumption of diesel traction fuel (in thousands of m <sup>3</sup> )	267	263	238	225
Average consumption of diesel traction fuel (in l/km)	1.69	1.64	1.59	1.56
Consumption of electric power for rail traction (in millions of kWh) <sup>(2)</sup>	7,818	7,995	7,851	7,863
Average consumption of electric power for rail traction (in kWh/km)	14.56	14.91	15.28	15.25
Total consumption for train traction (in thousands of TOE) <sup>(3)</sup>	917	928	893	883
% of drivers in initial training who received training in energy-saving train driving	100%	100%	100%	100%
<b>NOISE</b>				
% of quiet freight rolling stock relative to all freight rolling stock <sup>(2)</sup>	7	5.9	5.8	6.4
% of quiet passenger rolling stock relative to all passenger rolling stock <sup>(2)</sup>	47	56.5	59.9	62
<b>WATER - PROTECTION OF WATER</b>				
Total water consumption (in millions of euros)	14.4	13.5	13.7	14.1
Purchases of crop protection products (in tons)	214	206	201	193
<b>MANAGEMENT</b>				
Number of ISO 14001 certified entities	1	1	2	3
Number of entities involved in the EMS <sup>(4)</sup> – ISO 14001 process	65	135	150	180
Number of specialists who received training in environmental management	100	100	150	280
<b>WASTE<sup>(5)</sup> (in tons)</b>				
Total quantity of processed hazardous industrial waste including toxic waste in dispersed quantities	17,415	16,849	16,034	16,791
including battery waste	2,200	3,040	2,955	4,683
including PCB-PCT <sup>(6)</sup> waste	780	233	276	248
including asbestos waste	90	206	132	307
including electric and electronic waste	25	85	90	325
	–	–	451	93



	2003	2004	2005	2006
<b>SOCIAL AND SOCIETAL</b> (for complete social data, consult the 2006 social responsibility report)				
<b>WORKFORCE/EMPLOYMENT</b>				
Total employees (as of 31 December 2006)	175,059	171,079	167,923	165,561
Upper management	1,489	1,480	1,514	1,533
Permanent management employees	166,972	163,333	159,893	157,259
Open-ended contract	4,880	4,808	4,696	4,873
Fixed-term contract	1,718	1,458	1,820	1,896
Breakdown by category				
– Driver	18,080	17,237	16,629	16,481
– Operator	88,604	85,193	82,088	78,507
– Lower management	44,576	44,509	44,659	45,177
– Upper management	23,799	24,140	24,547	25,396
<b>TOTAL EMPLOYEES (as of 31 December 2006)</b>				
Total recruitments (excluding fixed-term contracts)	4,118	4,009	4,663	5,915
Total terminations (excluding fixed-term contracts)	7,730	8,065	8,489	8,556
Number of employees recruited from working-class neighbourhoods	–	–	355	650
% growth in female employees relative to total employees	16.4	16.6	17.1	17.5
% of female managers relative to total managers	19.3	19.6	20.5	21.5
Recruitment of women to non-management (technical positions)				
– % of CVs received	–	–	8.3	8.5
– % of women recruited/total recruitment to non-management technical positions	–	–	7.1	8.8
Recruitment of women to management positions				
– % of CVs received	–	–	41	40
– % of women recruited/total recruitment to management positions	–	–	44	39
Number of foreign employees	1,153	1,078	1,063	1,020
<b>LABOUR RELATIONS – CONFLICTS</b>				
Number of days lost per employee	2.26	0.55	1.44	0.79
Number of strike notices	750	881	699	698
% of immediate consultation processes not followed by strikes			93.7	92.9
<b>TRAINING (*2006 forecast)</b>				
% of payroll spent on continuous training*	6.25	6.02	6	7.02
% of employees who received training during the year	71	74	75	77
Number of training hours per employee*	48	42	42	47
Contribution to continuous training (in millions of euros)*	309	300	313	358
Number of employees who received safety training (personal, driving)	50,017	92,281	103,000	104,000
% of employees who received training in the last three years		–	93	93.6
Number of work-study contracts signed	747	887	991	1,340
Number of individual right to training requests approved during the year	–	–	2,000	13,000
<b>WORK TIME</b>				
% of part-time employees	5.9	6.2	6.5	6.5
<b>ABSENTEEISM</b>				
Average days of absence per employee for a non-work related illness or injury	12.3	11.3	11.2	10.3
<b>COMPENSATION</b>				
Change in average salary (of existing staff)	+3.26%	+3.41%	+3.86%	Not available
Total wage costs: salaries and fringe benefits/turnover	52.2%	50%	49.3%	Not available
Ratio between the average compensation paid to the 10% of highest paid employees and that paid to the 10% of lowest paid employees	2.70	2.67	2.66	Not available
<b>HEALTH AND SAFETY CONDITIONS</b>				
Number of work-related accidents (+ commuting)	8,465	7,522	7,289	6,801
Rate of frequency of work-related accidents with work stoppage (for 1,000 employees)	42.76	39.01	38.29	36.46
Number of fatal employee accidents (work + commuting)	5	6	9	8
<b>EMPLOYMENT AND INTEGRATION OF DISABLED PEOPLE</b>				
Total number of disabled workers	4,253	4,147	4,129	4,283
Including employees recognised as disabled workers (COTOREP/RQTH <sup>(7)</sup> )	2,205	2,174	2,275	2,397
<b>EMPLOYEE INVOLVEMENT INNOVATION</b>				
Number of idea originators	–	–	7,500	15,869
Percentage of ideas applied/used	–	–	40%	60%
<b>SOCIAL ACTIVITIES (*2006 forecast)</b>				
Budget for the FASS (Fund for Health and Social Action) (in millions of euros)	71	69.6	71.2	73.2

# 2006 PERFORMANCE INDICATORS

	2003	2004	2005	2006
<b>SOCIAL AND SOCIETAL</b> (for complete social data, consult the 2006 social responsibility report)				
<b>OPERATIONAL SAFETY</b>				
Number of train accidents with bodily consequences	13	13	8	21
Number of (major) train accidents with material consequences	5	5	16	11
<b>SAFETY</b>				
Number of physical attacks on SNCF customers and employees	4,820	4,370	4,330	4,440
Number of petty thefts against customers	5,060	3,630	3,790	3,510
Total acts against individuals	9,880	8,000	8,120	7,950
Number of malicious acts against SNCF property and facilities	24,300	25,700	26,400	26,500
<b>SOLIDARITY</b>				
% of stations accessible to people with reduced mobility	25.1	27.3	28.7	37
% of trips made at reduced fares	77	77	77	77
Annual contribution of the SNCF Solidarity Foundation (in euros)	150,000	150,000	150,000	800,000
Number of people cared for by assistance and mediation missions that help the disadvantaged	100,000	100,000	100,000	100,000
Number of Foundation partner associations	14	14	43	300
Number of rail worker volunteers supported by the Foundation	14	14	43	217
Number of those benefiting from the local initiatives supported by the Foundation	-	-	-	25,000
Number of people helped by work integration contracts	80	140	142	532
Number of people housed in emergency accommodations	2,000	2,500	2,500	2,500

(1) Gross investments.

(2) UIC (International Union of Railways) indicator.

(3) TOE = Ton oil equivalent. Calculations performed using the following coefficients of equivalence: 1m<sup>3</sup> diesel oil = 0.917 TOE; 1,000 kWh = 0.086 TOE (decision taken in February 2002 by the Energy Study Centre Advisory Board – CITEPA 2001 figure).

(4) EMS: Environmental management system.

(5) Industrial waste processed under the national "services framework contract" set up by SNCF.

(6) PCB = polychlorinated biphenyls and PCT= polychlorinated terphenyls (better known as pyralene, arochlor or askarel).

(7) Recognition of disabled worker status.