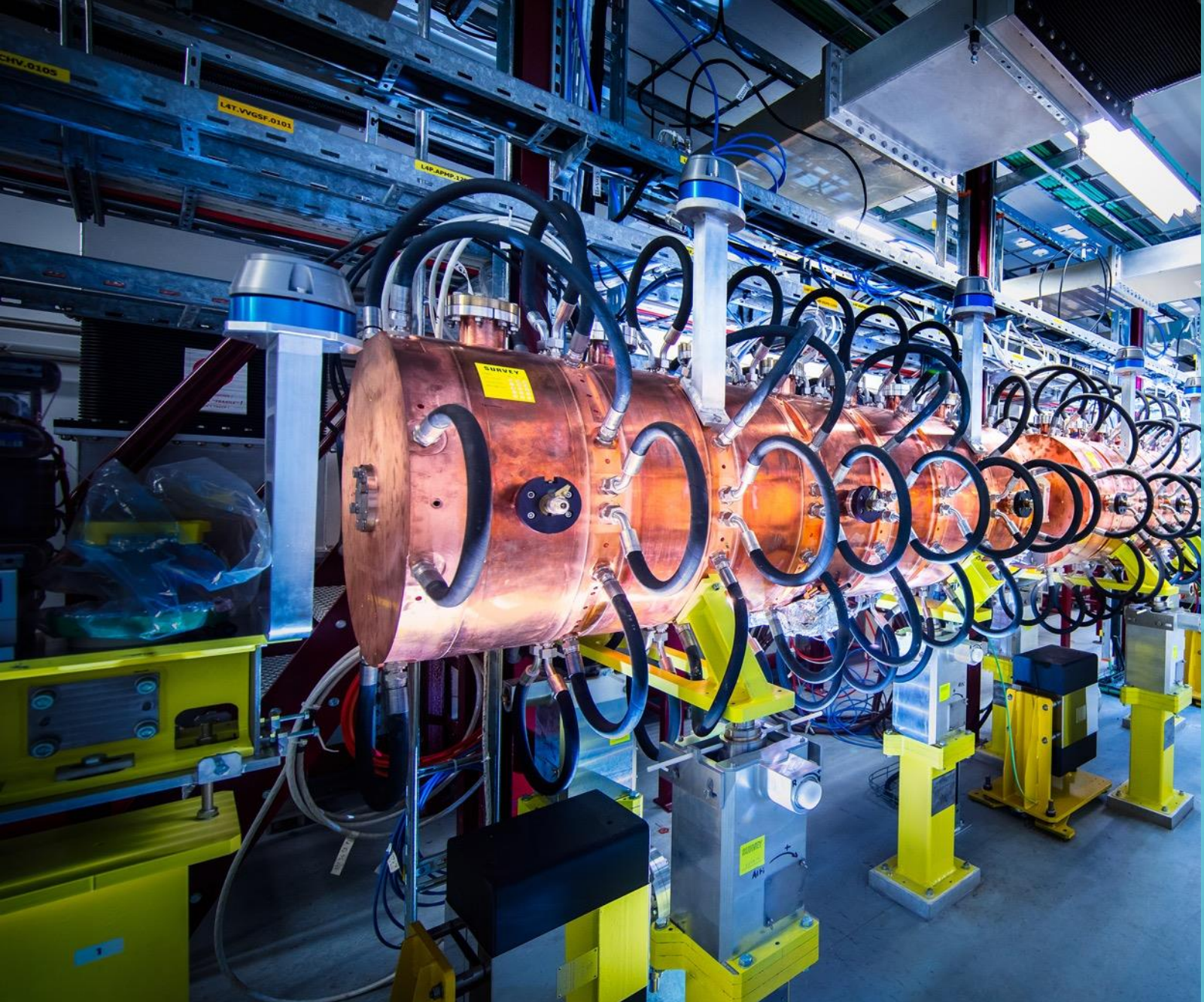




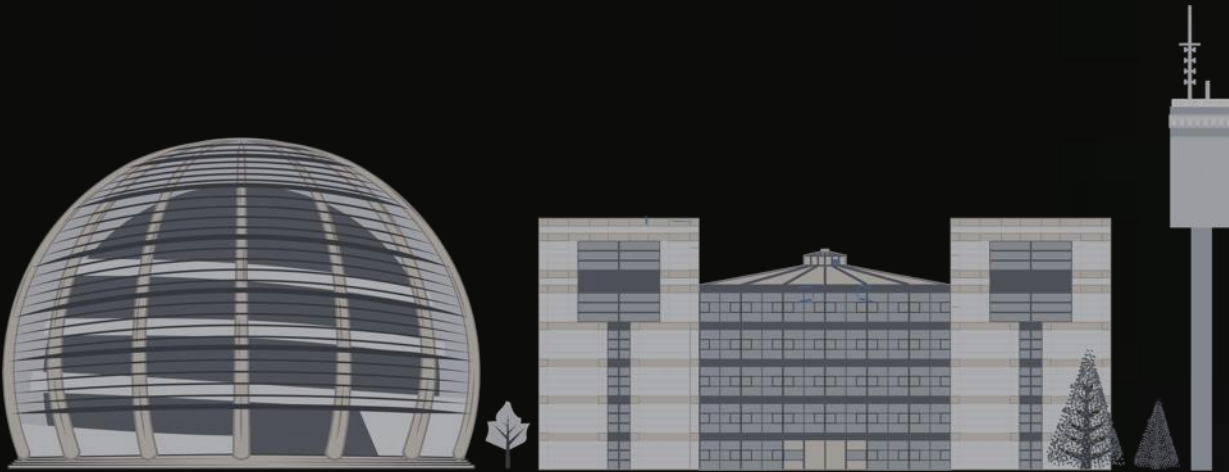
Group meeting (January 2024) Procurement Service



Agenda:

- 9h-9h20: Group Objectives for 2024 (Cristina)
- 9h20-9h30 : Procurement strategy (Lisa)
- 9h30 – 10h : Environmental policy implementation (Lisa)
- AOB

Changes in Procurement Rules



Next steps

Document ready: reviewed by Chelsey, FAP, IPT

Needs to be reviewed by: Legal Service (this week), R. Bello

Next steps:

- **Following green light from R. Bello, I will send it to ILOs**
- **A presentation is foreseen to ILOs on 30th January**
- **Translation has to review it**
- **Management (Fabiola) will review it before March FC**
- **Dept Heads will be informed today by Chris**

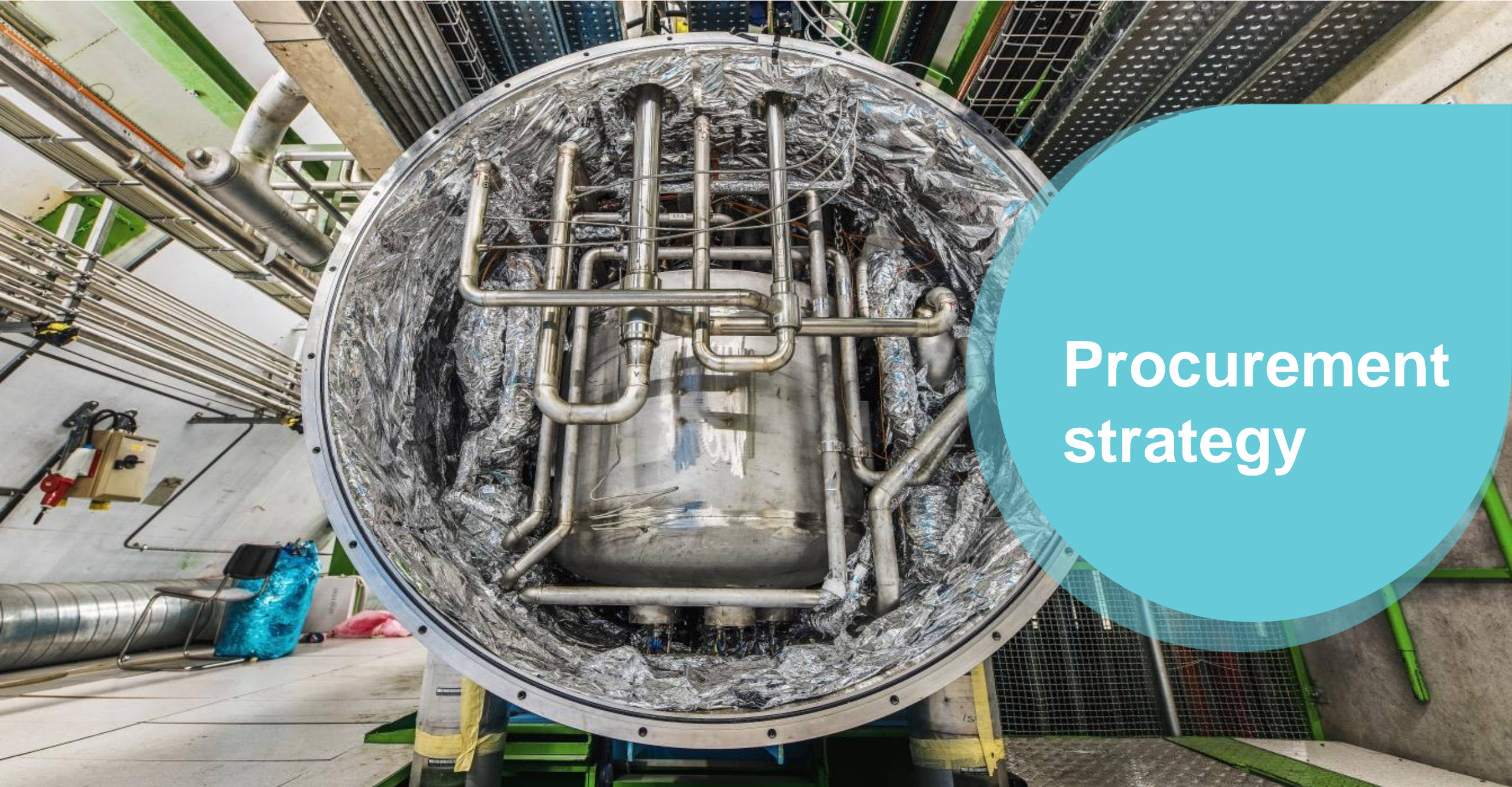
Objective: March FC

Developments that need to take place before all changes are approved in June

- Digital changes:
 - Automatic orders up to 2kCHF
 - No signature for orders OV and DL under 5kCHF
 - change forthcoming page in webpage to include DO up to 400kCHF
 - change currency exchange (SNB instead of ECB) for some currencies
- Update RACIs (PPM and orders >50kCHF)
- Update lifecycle
- Update templates and correspondence (email btw 750k and 1.5MCHF)
- procedure for Limited Tendering (when, how, dual or single procedure, ILOs to contact, adjudication done or not)
- procedure on BVFM for supplies
- Update standard presentation and existing trainings
- Update report on Industrial Returns

Additional objectives:

- Draft a strategy for Procurement (Lisa)
- Environmental Policy implementation
- Establish policy for supplier's DB management
- Establish policy of managing the electricity contract (risk appetite, hedging strategy, etc.)
- Sourcing: analysis of situation to identify trends in responses, propose actions to improve response rates in future with the objective of drafting a policy on sourcing
- Follow up of small order stats (detect fraud, propose new blanket contracts, etc.)
- Insurances (prepare future IT with broker, introduce a clause in construction IT)
- Follow-up: 30 key contracts (update RACI), financial follow-up, REX
- New procedure to follow up key contracts for HL-LHC.



Procurement strategy

Audit Report on High Value Contracts (Dec.23):

Observations considered as **major** risks

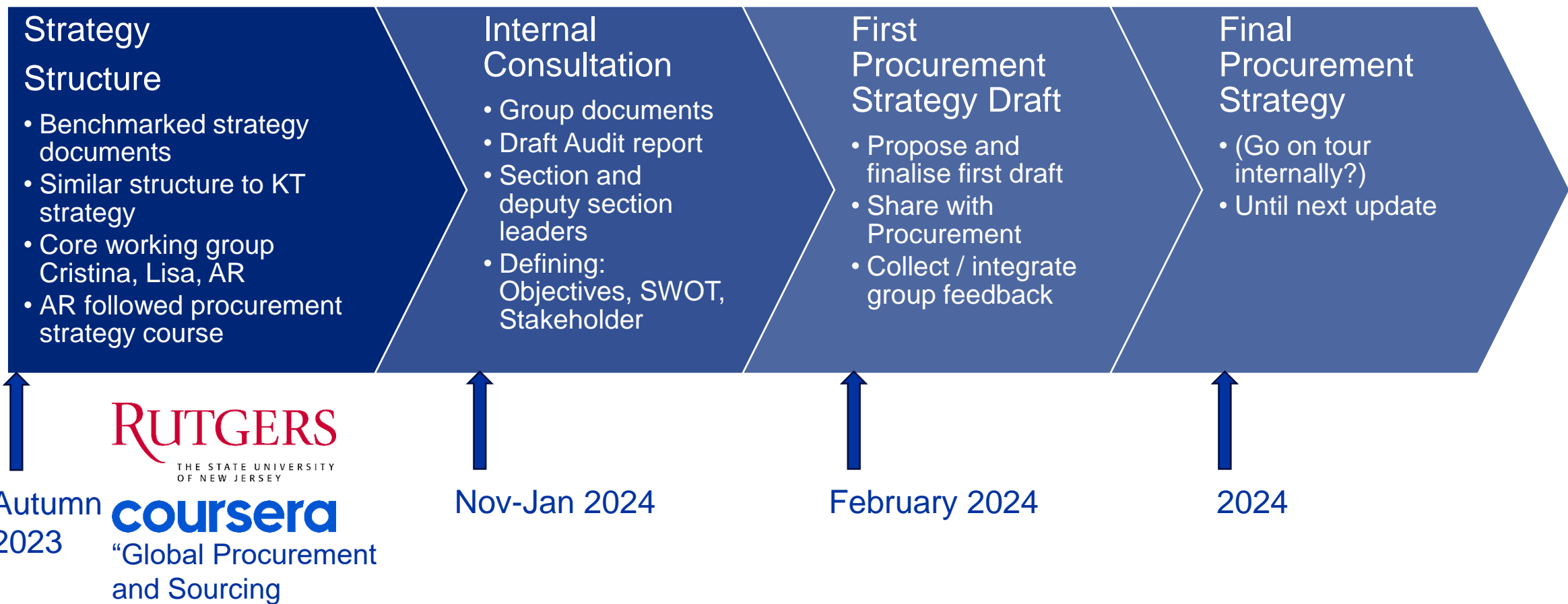
- Formalise a strategy for M/T and develop KPIs to assess progress
- Draft a set of key policies to support strategy



Procurement response

- ✓ Strategy will be drafted in 2024. KPIs (e.g. no more than x% of single source...)
- ✓ Policies to be drafted in 2024:
 - ✓ Supplier's management
 - ✓ Contract management
 - ✓ Communication
 - ✓ Personnel development
 - ✓ Sourcing?

Update to Procurement Strategy



Vision and Objectives:

CERN aims to be an innovative and trusted procurement partner by:



**DELIVERING A FIRST-
CLASS PROCUREMENT
SERVICE INTERNALLY
AND EXTERNALLY**



**STRENGTHENING
STRATEGIC RELATIONS
WITH KEY INDUSTRIAL
PARTNERS**



**IMPLEMENTING
ENVIRONMENTAL
RESPONSIBLE
PROCUREMENT
STRATEGY**



**ENSURING BALANCED
INDUSTRIAL RETURN TO
MS AND AMS**



**INVESTING IN HUMAN
CAPITAL TO DEVELOP
AND ENSURE TALENT
FOR THE FUTURE OF
CERN'S PROCUREMENT
ACTIVITIES.**

Document Structure

- Table of Contents

- Executive Summary* 1
- CERN Procurement Strategy 2021-2025* 1
 - CERN Strategic Priorities 1
 - Current Context for CERN Procurement Activities (mini-SWOT) 2
 - CERN Procurement Vision 2
 - CERN Procurement Mission Statement 2
 - Stakeholders 2
 - Goals and Activities 2
 - Future Ideas / Directions 2
- Annex 1°: SWOT Analysis of CERN procurement activities* 2
- Annex 2°: CERN Procurement Policies* 3



CERP policy implementation

Environmentally responsible procurement Policy implementation through:

Tool

Supplier' sustainability due diligence tool

responsibly

Pilot projects

On-going examples

Isostatic graphite for beam dumps
Cast-resin transformers
Air separation units
Electric component supply
Building 777
IT indirect emissions – CERN cloud
...

Communication

Internally
Externally

Process development

Procurement Strategy Definition of objectives
Supplier Engagement, Industry Outreach Events

Skills development

1 Training module

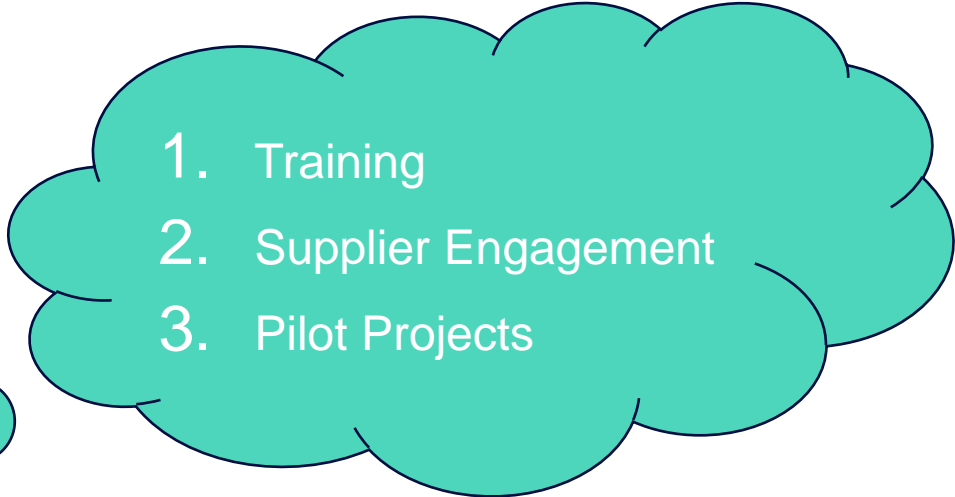
Implementation guidelines

Decarbonization strategies
Sourcing guides
Update of procurement templates



2024 – Kick Off Phase: 3 Focus Areas



- 
1. Training
 2. Supplier Engagement
 3. Pilot Projects

Focus Area #1 Training

building knowledge with access to resources and three trainings in 2024

| Training Title | AUDIENCE | Objective |
|---|---|---|
| Raising Awareness of Environmentally Responsible Procurement | <ul style="list-style-type: none">- any person concerned by Procurement, technical teams- procurement service | Finalise content and deliver first sessions e.g. in Q1-Q2 |
| Embedding Environmental Responsibility into the Procurement Process | <ul style="list-style-type: none">• Procurement Officers (including processing of orders) | Develop and test content and then deliver sessions end Q1 (latest) |
| Environmentally Responsible Procurement in Procurement Families | <p>For each family concerned:</p> <ul style="list-style-type: none">• Procurement Officers• Technical officers | Develop and test trainings for three Procurement Families (e.g. 1, 5 and 11). Q3-Q4 |

Focus Area #2 Supplier Engagement

Begin conversations with pools of suppliers

Objective: Collaborate with suppliers to understand/help them on their environmental responsibility journey and identify opportunities to improve the environmental responsibility of current and future procurement contracts.

Proposed approach:

- **Select 10 of the top suppliers from CERN's 3 most emitting Procurement Families**, 01 - Civil engineering, building and technical services, 05 - Mechanical engineering and raw materials and 13 - Permanent services on the CERN site
- Research the suppliers current maturity in terms of environmental responsibility using Responsibly and desk research
- Prepare a communication that shares information about CERN's Environmentally Responsible procurement policy, encourage suppliers to suggest how they might be able to support the objectives of the policy and offer support to help suppliers get started with measuring their GHG emissions.
- Send the communication to suppliers and exchange, if possible, at scheduled supplier events at CERN
- Send any data requests to suppliers to better understand their maturity

Focus Area #3 Pilot Projects:

Pilot projects to embed principles from the CERP Policy into forthcoming tenders

Objective: Embed principles from the Environmentally Responsible Procurement Policy into selected forthcoming procurement processes to give CERN examples of environmentally responsible procurement in action.

Proposed approach, with the support of CERP team (on explicit demand):

- Challenge applicability of environmentally responsible procurement principles into the procurement process at all stages and key meetings including but not limited to; start-up meetings, specification committees
- Assess and suggest where environmentally responsible procurement questions and clauses can be included in the existing CERN procurement templates.
- **Use pilot project-specific guidance documents** that outline (1) The environmental impact of the good or service being procured (2) Mitigation actions the supplier can take to reduce these (3) Questions that CERN can include in the Market Survey and/or Invitation to Tender documents to understand the impacts of different goods and services being proposed and the overall supplier maturity with respect to environmental responsibility (4) Evaluation criteria in the case where BVFM is applied (5) if requested, support the assessment of bids (environment aspects)

Status of ongoing pilot projects

| Name | Opportunities (2023) | Status - Jan 2024 |
|---|---|--|
| Electronic Component Supply Service | <ol style="list-style-type: none"> 1. PCB Water Stewardship Requirements: Understanding if Bare PCB manufacturers carry out Water Audits in Market Surveys and, if this does not significantly limit competition, make this a requirement in Tenders. 2. Environmentally Responsible Packaging Requirements: To be tested and then rolled out across all procurement Families | <p>Shared initial guidance for MS requirements which could be used for forthcoming tenders</p> <p>Session held on Environmentally Responsible Procurement in the CERN industry day for PCB and Electronic Cards Assembly on 28/10/2024</p> |
| Power Transformer Forthcoming Procurements | <ol style="list-style-type: none"> 1. Embed Environmentally Responsible procurement principles into the forthcoming tender for 45 18 kV cast-resin rectifier power transformers (Ref: IT-4821/SY) 2. Embed ER principles into forthcoming procurements for other power transformers | <p>Shared guidance for embedding environmental responsibility into the procurement process following the "18 kV Cast-Resin Transformer for RF-LHC and AD Power Converters" Specification Committee on 17/05/2023</p> <p>Assess what can be done for contract performance and follow-up of environmental impact of this supply; what is the plan of the contractor in the course of the contract wrt sustainability</p> |
| Carbon-Fiber-Reinforced-Carbon (CFRC) Plates Forthcoming Procurement | <ol style="list-style-type: none"> 1. Embed Environmentally Responsible procurement principles into the forthcoming tender for CFRC Plates for HiLumi-LHC beam dumps (Ref:MS-4858/SY/HL/LHC) | <p>Shared guidance for embedding environmental responsibility into the procurement process for CFRC Plates with PO and TO; positive feedback</p> <p>2 MS published in August 23 with questions about environmentally responsible procurement.</p> <p>A majority of companies responded with some evidence of measures taken to ensure the sustainability of their operations, with some engaging more with these questions than others. We are still in the qualification phase of these market surveys and the final result will not be known until the start of 2025. Replies from suppliers on sustainability will be communicated to CERP team</p> |
| Isostatic Graphite Blocks Forthcoming Procurement | <ol style="list-style-type: none"> 1. Embed Environmentally Responsible procurement principles into the forthcoming tender for Isostatic Graphite Blocks for HiLumi-LHC beam dumps (Ref:MS-4857/SY/HL/LHC) | <p>Shared guidance for embedding environmental responsibility into the procurement process for Isostatic Graphite Blocks</p> |
| Procurement Family 1 Decarbonisation Action Plan Support | <ol style="list-style-type: none"> 1. Analysis of availability and price benchmarks for alternative "green" building materials among CERN member states 2. Develop environmental requirements for the Building 777 construction phase 3. Draft an initial specification that outlines minimum environmental responsibility standards for all CERN construction tenders | <p>The building is currently being designed with a mass timber structure and SCE aims at obtaining sustainability certifications such as BREEAM and WELL.</p> <p>In Dec-2023 dispatch of IT-4827 to select a design consultant (architect + engineers) for building 140. Again, the brief calls for a building that is state-of-the-art in terms of environmental performance.</p> |
| Procurement Family 9 Decarbonisation Action Plan Support | <ol style="list-style-type: none"> 1. Support the review of a previous Air Separation Unit feasibility study for CERN's Nitrogen requirement with economic and environmental impact analysis | <p>#1 conversations with Industrial Gas suppliers on this topic of an on-site ASU have begun.</p> <p>As a tender was on-going for the supply of liquid nitrogen it has been agreed to wait until the contract is signed. TO BE CONTINUED</p> |
| | <ol style="list-style-type: none"> 2. Engage Industrial Gas suppliers to understand feasibility and impacts of utilizing hydrogen powered delivery vehicles | <p>#2 No feedback from Procurement or Technical officers yet, impact of this would be pending ASU</p> |
| | <ol style="list-style-type: none"> 3. Develop a Supplier Relationship Management process that embeds Environmentally Responsible Procurement Principles (to be tested in PF9 and then rolled out across all families) | <p>#3 would be a good opportunity for this and link this to conversations about ASU</p> |

In addition to ongoing pilot projects, we propose to support these 5 procurements and/or forthcoming tenders suggested by Section Leaders

| Type of contract | Description | Cost Range (CHF) | Status | Next Step | PF | Contacts | New Pilot Project Proposal Reason (Jan-24) |
|------------------|---|------------------|---------------|------------------------------|----|---|--|
| Supply | Provision and support of public cloud services. | 750k - 5M | Market Survey | MS Closes 31/01/24 | 4 | Technically: Joao Fernandes Commercially: Joshua Luke Davidson | We have been asked by Josh to support this following earlier discussion around embedding environmental responsibility into purchases for the CERN on site data centre |
| Supply | Supply of the roof renovation work of building 167 on the Swiss part of CERN. | 200k - 750k | Announcement | Invitation to Tender 06/2024 | 1 | Technically: A. Dodard Commercially: S. Magnan | Environmentally responsible roof insulation was discussed during the Procurement Family 1 decarbonization strategy meetings so some ideas could be applied to this procurement. Our influence may be limited if these suppliers have already been qualified in a pervious Market Survey |
| Supply | Extension and upgrade of two 66/18 kV substations. | 750k - 5M | Announcement | Invitation to Tender 04/2024 | 2 | Technically: D. Katsanikos Commercially: A. Musso | Potentially related to pilot project focused on Power Transformers, however. Impact may be limited if the suppliers have already been qualified in a previous Market Survey |
| Services | Provision of services for the transport of persons for CERN. | 750k - 5M | Announcement | Market Survey 03/2024 | 11 | Technically: S. Blanchard Commercially: S. Sonnerat | Based on the description there already seems to be interest in embedding environmental responsibility into this procurement |
| Supply | Supply of UPS from 20 to 200 kVA | 200k - 750k | Announcement | Market Survey 02/2024 | 2 | Technically: J. Lahaye | Environmentally responsible procurement of UPS systems was discussed during the Procurement Family 2 decarbonization strategy meetings so some ideas could be applied to this procurement. |

Environmentally responsible procurement Policy implementation – Process

At earliest possible stage of Procurement Process:

