GFTN-UK FOREST PRODUCT REPORTING SUMMARY FOR 2017

Network Rail has been a participant in WWF's Global Forest & Trade Network (GFTN) in the UK since 1996.

All GFTN participants commit to progressively sourcing forest products from well-managed sources.

Network Rail applies due diligence to assess and mitigate any risk of illegal and unwanted forest products entering into the UK market from our supply chain. We collect as much information on supply chain sources as possible, and systematically work to eliminate poor sources which may not positively benefit forests as a future resource for people and nature.

To highlight our progress towards meeting our commitments to source well-managed and recycled materials, we're publishing the status of our current supply chain for various categories of forest goods, as defined by the GFTN.

We hope the transparency of the UK GFTN members about their performance on forest sourcing will prompt others in the sector to follow suit. We also encourage all forest certification systems to continuously improve their performance in delivering responsible forest management.

At present, WWF and GFTN participants believe FSC represents the gold standard and a credible benchmark for other forest certification schemes to match. Our preference is to source increasingly from credibly-certified forests or verified recycled sources.

The European Timber Regulation aims to limit the trade in illegal timber. It provides a baseline of legality as a minimum for forest goods entering the European market and reaching consumers. GFTN participants want to make sure they're playing their part in reducing the UK footprint on global forest resources, by sourcing sustainably – going beyond a compliance-only approach.

Scope of reporting

The scope of Network Rail forest product reporting has changed over the years as follows:

2013
- Sleepers and bearers
- Framework builder's merchants.

2014
- Sleepers and bearers
- Framework builder's merchants
- Partial data from major project construction activities.

2015	• Sleepers and bearers
	• Framework builder's merchants
	• Full year data from major projects construction activities
	• Framework stationery supplier
	• Pilot data from one framework fencing supplier.

2016	✓ Sleepers and bearers
	✓ Framework builder's merchants
	✓ Framework stationery supplier
	✓ Partial reporting from framework fencing suppliers
	X Major project construction timber - reporting withdrawn due to high incidence of volume errors in the supply chain data.

2017   As for 2016

Performance Statement

Network Rail's current forest product reporting covers one major business disciplines as follows:

- Route Services – the part of the business that awards and manages framework suppliers for the centralised provision of goods and services for other business units to call off. This includes all strategic goods such as sleepers and bearers, fencing materials, stationery, and framework builder's merchants.
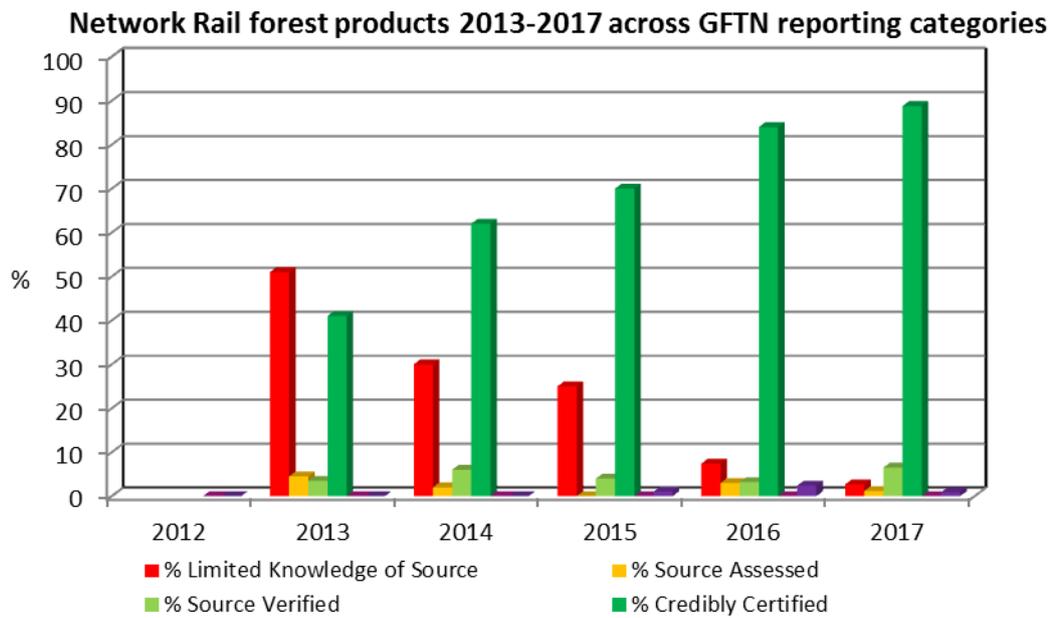
In previous years we included 'Infrastructure Projects – the part of the business that manages major projects to renew or build new rail infrastructure. When preparing the 2016 report close examination of our Infrastructure Projects construction sector data exposed a high incidence of errors in the calculation of product volume by our construction suppliers, with some excessively large volumes being submitted. While the very large volume errors were relatively easy to observe and investigate there was concern over the extent of less obvious errors that may have been present throughout the data set. It was not possible to comprehensively investigate and verify the full construction data so the aggregated construction volume for 2016 had to be considered unreliable and the construction data were withdrawn from the 2016 report. When compiling the previous 2015 timber report the construction data were not subject to the same scrutiny, so it is likely that similar volume calculation errors were being committed within the 2015 data set.

Procedural changes are being explored to improve the collection of accurate Infrastructure Projects construction data, but to-date no changes have been successfully applied. For this reason Infrastructure Projects construction data are once again excluded from the 2017 report and the statistical assessments below have been based on Route Services supplier input only.

Our forest products reported for the 2017 calendar year are as follows:

1.91%   Source Assessed

5.72%   Source Verified (including e.g. PEFC purchased with Chain of Custody)

88.80%   Credibly Certified (e.g. FSC purchased with Chain of Custody)

0.87   Recycled

Over the past 5 years, our procurement of forest products towards more responsible sourcing has progressed as shown in the charts below.

Network Rail forest products 2013-2017 across GFTN reporting categories

	2012	**2013**	**2014**	**2015**	**2016***	**2017***
Total Volume reported, as WRME m3 (wood raw material equivalent)	*Reliable archive data not readily retrieved*	17,840	22,144	59,268	22,160	16,352
% Credibly Certified (FSC)		41	62	70	84	88.80
% Source Verified (PEFC)		3.5	6	4	3.2	5.72
% Pre-consumer recycled		0	0	0	0	0.00
% Post-consumer recycled		0	0	1	2.4	0.87
% Source Assessed		4.4	2	0	3	1.91
% Limited Knowledge of Source		51	30	25	7.4	2.70

* 2016 and 2017 data reports based on Route Services supplier input only. Major project construction data have been excluded due to unresolved volume errors in the data collection process.

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Challenges

Data accuracy
Network Rail operates extensive and complex supply chains and obtaining accurate forest product volume calculations from our supply chain partners continues to be a challenge for centralised reporting. Abnormally high volume errors may be relatively easy to spot and investigate but the time taken to apply assurance across large annual data files is significant.
We are continuing to explore changes to our data gathering processes and introducing new tools to improve the transparency and accuracy of reporting.

Scope of reporting
The scope of Network Rail forest product reporting has expanded gradually over the past five years, with new supply chain categories being brought into the process. Further work is needed to consolidate reporting across all supply chain categories that provide forest products for Network Rail.

Data completeness
Complex supply chain activities, particularly construction, are difficult to manage because the procurement of construction materials may occur through subcontractors not directly contracted to the business. This contributes to a number of challenges relating to control of procurement standards and completeness of reporting.

Resourcing
As the scope and volume of forest product reporting has risen over the past four years there has been a corresponding increase in the time and effort required to centrally collate, analyse and verify data from multiple supply chain sources for business reporting. This places increased demand on resources, in particular to coordinate data collection, investigate errors, validate certification, or verify due diligence claims for 'source assessed' products.
To address this we recognise that it would be beneficial to apply more systematic controls to gather and evaluate forest product data at progressive intervals through the yearly cycle.

Chain of Custody evidence
If delivery notes and invoice documents don't explicitly state the certification status of consignment items this either represents a documentary break in the chain of custody, or indicates that the timber provided was not covered by a certification scheme. It is encouraging to see that many of the timber merchants used by Network Rail and our supply chain partners do provide this information on delivery notes. Where these standards break down we are continuing to work with our suppliers to improve standards of delivery note and invoice documents.

Priorities

Our three priority areas for 2018/19 closely follow the areas of challenge outlined above.

PRIORITY 1 – Continue to introduce processes, tools and guidance to improve the consistency and accuracy of timber reporting from our supply chain organisations.

PRIORITY 2 – Plan and implement time-bound intervention milestones for reviewing forest product data at intervals through the yearly cycle, and taking early action when value chain performance does not meet expectations.

PRIORITY 3 – When renewing key product framework tenders and contracts improve the inclusion of explicit requirements for supply of certified forest products with supporting data and evidence.

Our Policy

Read our Responsible Timber Sourcing Policy here