Dear Stakeholder,

Drax is a renewable energy company producing wood pellets made from sustainably sourced fiber. We are deeply committed to sustainability and work tirelessly in our efforts to benefit the climate, nature, and people. To learn more, please see our Sustainability Framework.

As part of our commitment, Drax respectfully invites your comments related to our independent certification to the Sustainable Biomass Program (SBP) Standards. SBP is a certification scheme designed for biomass, including wood pellets and chips, biochar, biocarbon, and other products used for sustainable energy, industry, or beyond. The SBP scheme provides assurance that biomass is sourced legally and sustainably, enabling companies in the bioeconomy sector to demonstrate compliance with regulatory requirements and more.

**Stakeholder Consultation**

Drax is undertaking a stakeholder consultation in 2026 in response to a range of elements. The first key element is that Drax continues to look at diversifying its feedstock sourcing options. Drax is reviewing sustainable sourcing of materials originating from trees outside of forests (ToF), as identified by SBP in its Instruction Document 1A: SBP Requirements for Primary Feedstock from Trees Outside Forests (TOF). These sources include wood harvested from what are considered "landscape" sources such as windbreaks, hedgerows and shelterbelts, in addition sources from urban, domestic and infrastructure projects such as tree and other woody waste from existing gardens or parks or along existing infrastructure such as streets, roads, railways, power lines or airfields.

Additionally, In March, SBP released new guidance for its Standard 4: Chain of Custody specific to the Stakeholder Engagement Plan. While this guidance is not normative and "serves as a supporting resource," Drax is informed by the availability of the resource in its ongoing commitment to continuous improvement and meaningful stakeholder engagement.

To support its stakeholder engagement, in consideration of Standard 4 guidance, Drax has undertaken development of a preliminary Stakeholder Impact Assessment. The approach serves as a practical guide to the identification of relevant stakeholders. A range of tools and methods are deployed to help ensure the assessment is systematic, inclusive, and aligned with SBP's sustainability criteria and Chain of Custody requirements.

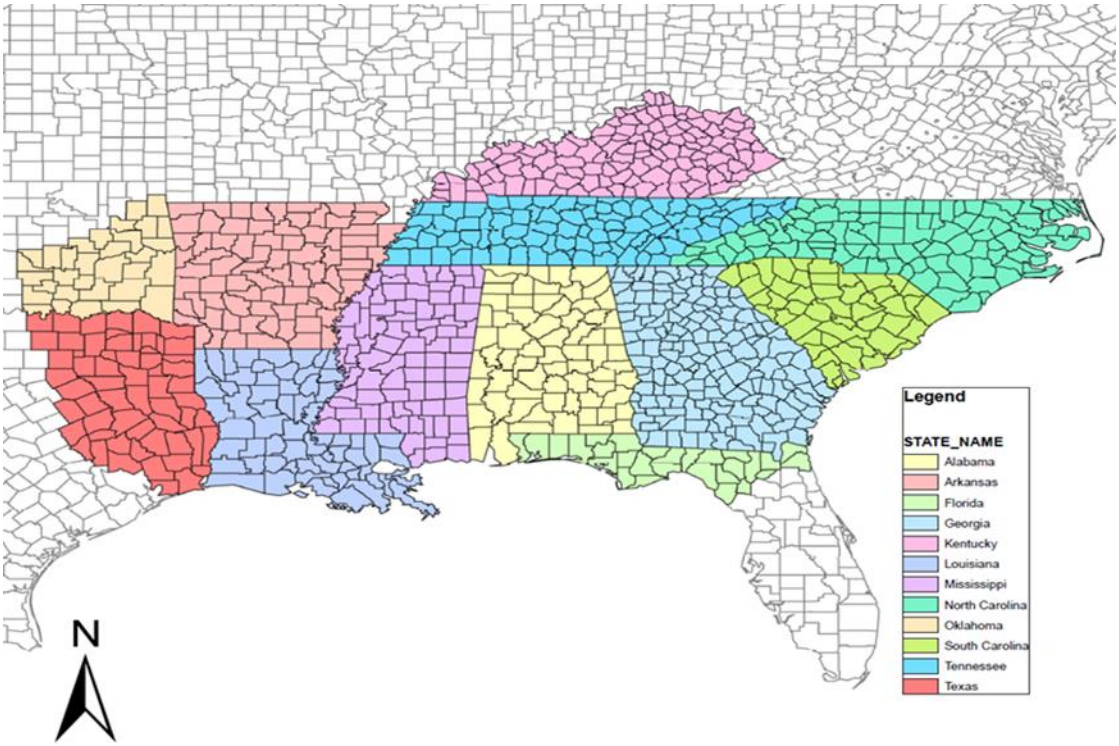
Drax continues to implement its operations in conformance with SBP v2.0 Standards, including for European Union Renewable Energy Directive (EU RED), and the SBP-endorsed Regional Risk Assessments (RRAs) for US private lands and National Forests under both SBP v2.0 and EU RED. The use of RRAs is required for all biomass producers that source within the RRA-covered regions, which fully contain Drax's *supply base*. This applies to both feedstocks resulting directly from forestry operations and the use of processing residue feedstocks from sawmills and other wood manufacturing operations.

Your feedback is essential to this process and to our efforts to evaluate and demonstrate that our sources are low risk. Allowing at least one month before finalization, we kindly request your feedback on our supply base evaluation, risk mitigation plan, as outlined above and the RMMs, as specified in conjunction with the SBP RRAs and their risk assessment and means of verification.

**US Operations**

Drax owns and operates five primary pellet plants: Amite Bioenergy in Gloster, MS; Morehouse Bioenergy near Beekman, LA, LaSalle Bioenergy in Urania, LA; Alabama Pellets in Aliceville, and Demopolis, AL. Drax also owns two small satellite pellet plants co-located with sawmills: Arkansas Bioenergy Leola, and Arkansas Bioenergy Russellville; these sites are transitioning out of certificate scope and currently idled.

The procurement catchment for Drax's commercially operational facilities includes Arkansas, Louisiana, Mississippi, Alabama, Georgia, North Carolina, South Carolina, Tennessee, Kentucky, and portions of Texas (59 counties), Florida (28 counties), and Oklahoma (32 counties). Each primary plant typically draws feedstock from within a 70-mile radius but maintains the ability to procure out to a 100-mile radius to obtain primary feedstock in response to market pressures and weather events. However, processing residues may be sourced within the broader delineated supply area. Each satellite plant will obtain feedstock from the secondary material produced by the forest products manufacturer that is adjacent to the facility as well as another facility within the same company.




**Forest Ownership, Management and Feedstocks**

Private lands are the principal source of fiber in Drax's supply chains. As noted in the RRAs, around 87% of forests in the US South, where Drax's facilities are sited, are privately owned. The majority, around 58%, are owned by families and individuals. The Forest History Society estimates that 89%

of the timber harvested in the US originates from private lands. This feedstock flows from millions of small tracts.

There is a mature forest sector in this region, supported by robust federal, state and local laws; well-developed markets; and strong environmental performance drawing an established, engaged forestry community and the highly integrated use of best management practices (BMPs) in harvesting operations.

In the *supply area*, wood fiber generally flows to the forest products sector at two stages: intermediate thinning and regeneration harvest. Intermediate thinnings, where smaller, unhealthy and/or unfavorable trees or rows of trees are removed, are aimed at reducing competition to promote the growth of the most vigorous trees. Thinning also provides other benefits by creating specific habitats and improving overall forest health. By promoting the heathier trees through thinning, the stand is more resilient to stressors like climate change, insects, disease, and wildfires. Any natural regeneration will also flow from this more robust genetic material. Intermediate thinning generally yields pulpwood, which refers to small diameter trees of low quality that are not suitable for use in lumber, or other higher value products or applications. Pulpwood is an important source of biomass feedstock.

Final harvests generally happen when trees in the stand are suitable for the highest market application such as sawtimber. Final harvest may also produce pulpwood. During both intermediate or final harvesting processes, limbs, tops, branches, and bark may also be amassed and used as biomass. This low value material may be chipped “in woods” and cost effectively transported, making it also a source of biomass.

Processing residues account for a significant proportion of the inputs into biomass production in the region. According to US Forest Service studies, wood pellet mill feedstock in the US South represented less than 2% of the region’s total roundwood output in recent years, and that the large majority of pellet feedstock was derived from residuals. These statistics align with Drax’s feedstock profile with the majority of feedstocks comprised of processing residues.

The use of sawmill residuals also provides an important market for low value wood products and is viewed by many as a means for the improvement of forest health, wildfire fuel reduction, and generation of economic incentives for small landowners to keep their land in forestland, well-managed and productive.

For more information, see SBP-endorsed Regional Risk Assessments for United States for both private forests and National Forests, under both SBP v2 and EU RED.

**Forest Certification**

Drax has a longstanding commitment to forest certification. Drax actively promotes certified forest management amongst feedstock suppliers, as part of our Sustainable Forestry Initiative® (SFI)* Fiber Sourcing certification. This includes extensive reporting and contractually required training, as well as other components that are necessary for the certifications. Drax's sustainability and fiber procurement staff are trained to assist suppliers and landowners in achieving these certifications through direct and/or collaborative efforts. Drax continually monitors the amount of certified fiber that it purchases and will pursue opportunities to increase the area of certified forests within its catchments.

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While certification to forest management schemes is limited in the US South, it is estimated that SFI Fiber Sourcing influences 100% of their feedstocks into biomass production, inclusive of primary, secondary, and tertiary supplies. For more information, please see the SBP RRA.

**RRA Risk Ratings and Specified Mitigation**

The SBP-endorsed RRAs include *risk assessments* that specify risks, including those related to biodiversity, high conservation values, forest loss, carbon and other factors. The RRAs identify *supply base verifiers*, which facilitate the assessment of the risks that Drax must manage in the context of its defined *supply base*, and *means of verification*, which is the collection of evidence used to verify compliance with a specified criterion.

Additionally, the RRAs also identify specific *risk management measures* (RMMs) which have been integrated into our *risk management plan (RMP)*. Drax may also develop and implement additional RMMs, based on the best available practice, knowledge of its specific suppliers and risk factors, and other relevant factors. The findings of the RRAs have been fully integrated into our *risk management plan*, which is outlined below.

The specified risks and mitigation are summarized below:

| **SBP/EU RED Standard Indicator** | **Risk Conclusion Summary** | Mitigation Approach |
|---|---|---|
| SBP Standard 1<br>2.1.3<br>Key species, habitats, ecosystems, and areas of high conservation value (HCV) pertaining to biodiversity in the Supply Base shall be maintained or enhanced. | This analysis indicates the Endangered Species Act (ESA) is a highly efficient system for the maintenance and enhancement of Federally listed threatened and endangered animal species. However, there is specified risk related to the following due to lack of regulatory safeguards and/or resources/incentives for maintenance and enhancement of the following: Nature Serve Network identified G1-G2 animal species not on the ESA threatened or endangered list, G1-G2 plant species, and FSC US National Risk Assessment (NRA) identified species, ecosystems, and high conservation values (HCVs).<br><br>The geography of specified risk is the full area of the RRA, and areas of risk specified by the FSC NRA, which intersect with *Drax's supply base*. | As outlined in the Private Lands RRA, in the context of a privately owned landscape governed by private property rights, biomass producers are limited in their abilities to directly control management actions and decision making.<br><br>There is longstanding evidence supporting supplier engagement and logger training as strategies, along with field guides, to influence practices during harvest operations. Outreach and education, as well as conservation initiatives, may provide additional impact.<br><br>For Nature Serve Network identified G1-G2 animal species not on the ESA threatened or endangered list, G1-G2 plant species: Control measures include the following:<br><br>Assessment of G1 and G2 plant and animal species and ecosystems by forest type within a biomass producer's supply basin, including primary and processing residue feedstocks:<br>- Results of the assessment shall be integrated into a summary of management recommendations to support maintenance or enhancement of identified G1 and G2 species |
| SBP Standard 1<br>2.2.2<br>Ecosystems, their health, vitality, functions and services in the Supply Base shall be maintained or enhanced. | Ecosystems enjoy protection under a range of laws, including the Clean Water Act (CWA) and Endangered Species Act (ESA), which are consistently implemented and enforced. However, ecosystems identified via species ranking of G1 and G2 under the NatureServe Global Ranking system or the FSC NRA are not protected by law within the RRA's geography. | |

| **SBP/EU RED Standard Indicator** | **Risk Conclusion Summary** | Mitigation Approach |
|---|---|---|
| | The geography of specified risk is the full area of the RRA, and areas of risk specified by the FSC NRA, which intersect with *Drax's supply base*. | and ecosystems associated with forest types within the supply basin.<br>- Results of the summary, including forest type-based management recommendations, shall be integrated into logger training curricula for company level or coordinated delivery to loggers within the supply region.<br>- Requirement that suppliers enter binding written agreements that specify logger training inclusive of forest type-based management recommendations to maintain or enhance G1 and G2 species. This applies to both primary and processing residue suppliers.<br><br>Assessment of FSC-specified HCVs and areas of specified risk within a biomass producer's supply basin, including primary and processing residue feedstocks:<br>- Results of the assessment shall be integrated into a summary of management recommendations to support maintenance or enhancement of HCVs associated with forest types within the supply basin.<br>- Results of the summary, including forest type-based management recommendations to support maintenance or enhancement of HCVs, shall be integrated into logger training curricula for company level or coordinated delivery to loggers within the supply region.<br>- Requirement that suppliers enter binding written agreements that specify logger training inclusive of forest type-based management |
| Renewable Energy Directive (EU/2023/2413) Sustainable harvesting criteria, Article 29(6), vi | Biomass fuel shall not be made from raw material obtained from highly biodiverse forests unless evidence is provided that the production of that raw material did not interfere with those nature protection purposes | |

| **SBP/EU RED Standard Indicator** | **Risk Conclusion Summary** | Mitigation Approach |
|---|---|---|
| | | recommendations to maintain or enhance HCVs. This applies to both primary and processing residue suppliers.<br>- For direct sourcing, coordinate with landowners, foresters, and trained loggers to promote forest-type based management recommendations to support maintenance or enhancement of identified HCVs.<br>Additional mitigation measures may be implemented in conjunction with the mitigation described above. These may include:<br>- Outreach and education<br>- Procurement policies<br>- Conservation initiatives<br>- Management activities<br>- Landowner incentives<br>- Direct influence |
| SBP Standard 1<br>2.2.2<br>Feedstock shall not be sourced from land that had one of the following statuses in January 2008 and no longer has that status due to land conversion: a. **Forests;** b. Wetlands; c. Peatlands; d. Highly biodiverse grasslands | There are an array of factors and mechanisms in place that ensure a low risk of feedstock sourcing from land that was wetlands, peatlands or highly biodiverse grasslands in 2008.<br>For forests, while there is consensus that deforestation rates are quite low in the US and for the RRA geography, analysis of the US Forest Service's Forest Inventory & analysis for the given time period indicates net loss of timberland for the RRA geography of less than 1% (0.75%) with localized losses and gains. Similarly, using methodology based on population growth and issuance of housing | As outlined in the Private Lands RRA, development and implementation of binding written agreements with suppliers that prohibit the delivery of material originating from known conversions of forest to non-forest use. |

| **SBP/EU RED Standard Indicator** | **Risk Conclusion Summary** | Mitigation Approach |
|---|---|---|
| | permits, which is not based on change detection analysis of the forest itself, the FSC US NRA specified risk for a set of counties within the RRA's geography. Despite relatively low rates of forest loss, with recognition to the precedence of the FSC US NRA and the results of original analysis for the RRA's geography, risk is specified as it relates to forests in this Indicator.<br><br>Specified risk areas include an array of counties, as indicated by the FSC US NRA and the RRA's analysis, many of which intersect with Drax's *supply base*. | |
| Renewable Energy Directive (EU/2023/2413) Sustainable harvesting criteria, Article 29(6), iv | (iv) Excerpt: **that harvesting is carried out in compliance with maximum thresholds for large clear-cuts as defined in the country where the forest is located** | Drax screens harvest tracts and leverages industry standards, including the SFI 2022 Forest Management Standard, indicators 5.2.1 "Average size of clearcut harvest areas does not exceed 120 acres (50 hectares), except when necessary to meet regulatory requirements, achieve ecological objectives or to respond to forest health emergencies or other natural catastrophes" and 5.2.2 "Documentation through internal records of clearcut size and the process for calculating average size."<br><br>Geolocation data and tract maps are collected and/generated to ensure verification and ongoing monitoring for a range of sustainability risks, including harvest size. Foresters and landowner representatives are interviewed and related |

| SBP/EU RED Standard Indicator | Risk Conclusion Summary | Mitigation Approach |
|---|---|---|
| | | paperwork is corroborated and retained. Sites are subject to post harvest best management practice (BMP) inspection and monitoring via trained technical staff, remote sensing and artificial intelligence technologies. |

**Our Risk Management Plan**
Drax maintains a Risk Management Plan (RMP) which includes Risk Management Measures (RMMs), as specified for each Indicator rated as specified risk within the SBP-endorsed RRA. The objective of the RMMs is to mitigate and reduce the risk rating to low risk.

Using SBP-endorsed RRAs, Drax has identified that RMMs apply to its operations and relevant operators associated with sourcing from private lands per the table above. Operators include suppliers, outsourcers and others that handle feedstock in support of production, which could potentially impact SBP Standard 1 sustainability risk ratings. This generally includes suppliers and any direct contracts for transport of unprocessed feedstock. Drax maintains a list of salient operators.

RMMs are documented, with records of implementation maintained. Our RMP is signed off by Drax senior management via the annual submission of Supply Base Reports via the SBP Portal. Drax monitors the effectiveness of its RMMs at least every 12 months prior to its third-party audit, as well as through a sampling system specified in its supplier verification program and its own internal audit process. Drax shall discontinue sourcing from suppliers who, following request, fail to demonstrate that they are implementing RMMs. Where RMMs are found to have not been effective in mitigating risk, Drax shall consider the feedstock not SBP-compliant, until the company implements further mitigation measures and verifies their effectiveness.

**Stakeholder Consultation**
Your feedback is essential to this process and to our efforts to evaluate and demonstrate that our sources are low risk. Allowing at least one month before finalization, we kindly request your feedback on our supply base evaluation, risk mitigation plan, as outlined above and the RMMs, as specified in conjunction with the SBP RRAs and their risk assessment and means of verification.

In addition to our certification to SBP, Drax's biomass facilities are independently certified to the Forest Stewardship Council® (FSC®/FSC-C123692) Chain of Custody and Controlled Wood Standards, the Program for the Endorsement of Forest Certification (PEFC) (PEFC/ 29-31-286) Chain of Custody and Due Diligence System Standards, as well as the Sustainable Forestry Initiative® (SFI)* Chain of Custody and Fiber Sourcing.

To submit written comments as part of our Stakeholder Consultation process, please feel free to contact me within the next thirty (30) days by email or letter to the address indicated below. We have a publicly available Biomass Sourcing Policy; our Product Group List is available upon request. Please make direct comments to Bretta Palmer, Sustainability Manager for the US South at bretta.palmer@drax.com or physical letter:

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Ms. Bretta Palmer
Sustainability Manager, US South
1500 N. 19th Street
Suite 501
Monroe, Louisiana
71201

We are eager to work with all stakeholders that share our objective of using renewable sources to offset emissions from fossil fuels and reduce overall greenhouse gas emissions.

Kind Regards,

Kyla Cheynet
Director of Sustainability