



DRAX'S INDEPENDENT ADVISORY BOARD – H1 2022 update

This year Drax's Independent Advisory Board of scientists, academics, forestry and sustainability experts, examined Drax's new sustainability framework and met with independent forestry and carbon specialists in Canada as part of a deep dive to learn more about Drax's operations in British Columbia.

At the February meeting, the IAB reviewed Drax's definitions for Climate Positive and Nature Positive – two of the three pillars in the new sustainability policy – and discussed the types of evidence that would best show that the objectives are being met.

The IAB made the following recommendations:

1. In addition to biodiversity, nature positive should also include other attributes such as soil and water impacts. The IAB suggested that Drax could use the UK Government's nature positive metrics once published.
2. Drax should use evidence-based measurable steps to monitor its impact on nature and it would be useful to consider what metrics to use for counterfactuals to demonstrate the outcome if Drax had not taken that fibre for biomass.
3. The IAB agreed that engagement and collaboration with local organisations is crucial and suggested a paper which looks at engaging stakeholders and can be of value to Drax's approach at determining metrics: VH Dale and KL Kline (2017)

In response to the IAB's recommendations, Drax is incorporating the IAB's recommendations in its Nature Positive work and the development of an ESG dashboard which will include a Nature Positive metric.

In May, the IAB visited industrial and forestry sites in British Columbia (BC) in Canada, to learn more about Drax's business in the province following its acquisition last year of a major Canadian pellet producer.

The trip to BC follows visits by two IAB members to the US southeast – where Drax sources around 60% of its biomass and operates seven pellet plants. Further IAB visits to other regions where Drax sources its biomass, including Latvia and Estonia, are planned in the coming months to ensure the panel has a more complete picture of Drax's sourcing areas.

During the trip to BC, the IAB met with Professor Werner Kurz, a senior Canadian research scientist and leading forest carbon expert to better understand the role of BC's forest sector in mitigating climate change. Prof. Kurz has contributed to several reports from the UN IPCC - the world's leading authority on climate science.

In Canada, the IAB also met with Garry Merkel, member of the Tahltan First Nation and author of the BC government-commissioned independent [strategic review](#) into Old Growth management. The review sets the strategic direction for British Columbia's Old Growth management and guides current and future policies and activities in the sector.

The IAB also toured a pellet mill in Lavington, Okanagan, which gets the majority of its feedstock from sawmill residues such as sawdust, woodchips and shavings, from the co-located sawmill owned by Tolko Industries Ltd.



The remainder of the pellet mill's feedstock comes from harvesting residues such as rotten, diseased, misshapen and fire damaged wood that would otherwise be burned at the roadside to remove fuel from the forests that could cause or intensify a wildfire.

[A detailed breakdown of Drax's feedstocks by region is published on page 5 of the [ESG Supplement](#) to the company's Annual Report, which is independently audited.]

The IAB also visited forestry sites including those which had undergone forest management in partnership with local First Nations to reduce the risk of wildfire and a tract where harvesting had been deferred for two years as part of the BC government's new approach on managing Old Growth forests.

The IAB made the following recommendations based on the visit to Canada:

1. Drax should develop a glossary of forestry-related terms for each region they source from, as "old growth", for example, has a different meaning depending on the region.
2. Drax should continue its work on education and communication of its sourcing practices, forestry and the sector to further increase awareness of the complexities, and impact biomass has on sourcing areas and forests.
3. As Drax develops its operations in Canada and other regions the company needs to provide evidence of the impacts for Climate, Nature and People.
4. Regarding forest enhancement, health and research, Drax should play a more proactive role helping to protect the forests, such as using more of the residues that would help mitigate wildfire risk and get involved in research.
5. Drax should determine where there are evidence gaps that need to be resolved such as those around calculations of carbon in the forest. The IAB suggested Drax uses broad principles globally as well as local indicators.
6. The IAB recommended Drax further engages with environmental NGOs and introduce local forest management experts and others to speak directly to ENGOS.

Drax has incorporated the IAB's recommendations:

- 1) Drax is developing a glossary on forest-related terms for each region
- 2) Drax is refining its biomass communication strategy (presented to IAB in September 2022)
- 3) Studies evaluating the impact Drax has on its sourcing areas, in particular on Climate, Nature and People, is a core focus for the Sustainability team
- 4) The External Affairs team will continue to engage with local ENGOS in BC.

Since this year's two IAB meetings, Drax's Group Director of Sustainability Dr Alan Knight has updated the Terms of Reference for the IAB to reflect the panel's evolving role.

Updates include strengthening the IAB's role as critical advisors to Drax by conducting more focused discussions on Drax's biomass sourcing and sustainability strategy and incorporating biodiversity, publishing half-yearly updates on the website instead of minutes after each meeting and strengthening the relationship between the IAB and Drax's Executive Committee and Board.

The IAB is scheduled to meet with Drax's Board in September.



(This document was approved by the IAB in September 2022).