Compliance with the SBP Framework: Public Summary Report

SCS Global Services Evaluation of Alabama Pellets LLC - Aliceville Division

Second Surveillance Audit

Sustainable Biomass Program
sbp-cert.org



Completed in accordance with the CB Public Summary Report Template Version 2.1 and SBP Bridging Requirements for Meeting the Directive EU/2023/2413 (REDIII)

For further information on the SBP Framework and to view the full set of documentation see **www.sbp-cert.org**

Document history

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1 Overview

Certification Body (CB) Name:	SCS Global Services
Primary CB contact for SBP:	Maggie Schwartz
Primary CB contact email:	mschwartz@scsglobalservices.com
Audit team leader:	Kyle Meister
Audit team members:	Kyle Meister
Name of the Company:	Alabama Pellets LLC - Aliceville Division
Company legal address:	6777 Highway 17 South, 35442 Aliceville, United States
Company contact for SBP:	Kyla Cheynet
Company contact email:	kyla.cheynet@draxbiomass.com
Company website:	www.drax.com
Date of installation:	
SBP Certificate Code:	SBP-04-13
Date of certificate issue:	01 Sep 2024
Date of certificate expiry:	31 Aug 2029
Audit closing meeting date:	04 Jun 2026
Audit cycle:	Second Surveillance Audit

2 Audit conclusions

2.1 Certification decision

Based on the auditor's recommendation and the Certification Body's technical review, the following certification decision is taken:	
Certification decision:	Certification approved
Certification decision by (name of the person):	David Mijoc
Date of decision:	03 Sep 2026
Other comments:	Updated Aliceville PSR to align with the audit team's intended treatment of the LULUCF-related finding. CARs 9015, 9016 and 9017 (SBP Standard 2 clauses 7.1, 7.2 and 7.4) were replaced with a single Minor CAR under SBP Standard 4 clause 1.5 and closed based on the submitted corrective actions and auditor confirmation. Oct 16, 2026, updates done by Kresimir Colic

2.2 Open non-conformities and observations

NC number 9019	NC Grading: Minor
Standard:	Instruction Document EU RED: Bridging Requirements for Meeting the Directive EU/2023/2413
Requirement:	3.3.9 The organisation shall define a fixed balancing period. For Biomass Producers using only primary feedstock (forest feedstock and TOF feedstock) the fixed balancing period shall be 12 months24. For Biomass Producers using secondary and tertiary feedstock the fixed balancing period shall be 3 months. For Biomass Traders the fixed balancing period shall be 3 months. By the end of the balancing period, the account shall always be positive. If negative credits occur at the end of a mass balance period, the certified company must (proactively) inform the certification body immediately (and without being requested). N/A N/A N/A
Description of Non-conformance and Related Evidence:	
Per review of each pellet mill's MB account, the fixed balance period is one month, and the physical stock verification is based on a rolling 3-month balance period to avoid negative balances. While inputs comply with EU RED, reconciliation occurs monthly, and the balance has gone negative one time for La Salle only, EU RED 3.3.9 requires a 3-month fixed balancing period.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	Open
Original Due Date:	2027-09-03
Closing Date:	N/A
Upgrade Date:	N/A

Update Date:	N/A

NC number 9020	**NC Grading: Minor**
Standard:	Instruction Document EU RED: Bridging Requirements for Meeting the Directive EU/2023/2413
Requirement:	3.3.10 The start and end of the period shall be aligned with the calendar year or, where applicable, the four quarters of the calendar year. As an alternative to the calendar year, economic operators may also use the economic year that they use for bookkeeping purposes, provided that the choice is clearly indicated and applied consistently. N/A N/A N/A
Description of Non-conformance and Related Evidence:	
Per review of each pellet mill's MB account, the fixed balance period is one month, and the physical stock verification is based on a rolling 3-month balance period to avoid negative balances. While inputs comply with EU RED, reconciliation occurs monthly, and the balance has gone negative one time for La Salle only, the start and end period of the MB account must be aligned with the calendar, fiscal or other 12-month period as defined by the organization. Each fixed balancing period must be every three months within the 12-month period.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	Open
Original Due Date:	2027-09-03
Closing Date:	N/A
Upgrade Date:	N/A
Update Date:	N/A

NC number 9021	**NC Grading: Minor**
Standard:	Instruction Document EU RED: Bridging Requirements for Meeting the Directive EU/2023/2413
Requirement:	3.3.11 A positive balance may be carried over in the account (into the next fixed balancing period) up to the total corresponding amount of physical material that is in stock in the container, processing or logistical facility, transmission and distribution infrastructure or site at the end of the previous balancing period. The Figure 4 below is provided as an illustrative example. N/A N/A N/A
Description of Non-conformance and Related Evidence:	
Per review of each pellet mill's MB account, the fixed balance period is one month, and the physical stock verification is based on a rolling 3-month balance period to avoid negative balances. The positive balance is therefore based on a one-month fixed period rather than a 3-month fixed period.	

Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	Open
Original Due Date:	2027-09-03
Closing Date:	N/A
Upgrade Date:	N/A
Update Date:	N/A

2.2 Closed non-conformities

NC number 9018	NC Grading: Minor
Standard:	SBP Standard 5: Collection and Communication of Data v2.0
Requirement:	1.1 All data submissions shall be supported by appropriate evidence. N/A N/A
Description of Non-conformance and Related Evidence:	
The average lower heating value (MJ/kg) for pellets recorded in the SAR could not be replicated using the lab report data for the reporting period. The design capacity reported in the SAR does not match the value that the plant manager provided.	
Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	The average lower heating value (MJ/kg) for pellets has been changed from corrected for both Aliceville and Demopolis. The plant design capacity has been updated for both mills based on the information from the plant manager.
Findings for Evaluation of Evidence:	The updates to the SAR were confirmed.
NC Status:	Closed
Original Due Date:	N/A
Closing Date:	2026-09-03
Upgrade Date:	N/A
Update Date:	N/A

NC number 9891	NC Grading: Minor
Standard:	SBP Standard 4: Chain of Custody v2.0
Requirement:	1.5 The Organisation shall maintain documented procedures (i.e., work instructions or equivalent documentation), covering all relevant requirements within the scope of the certificate and reflecting current Organisational activities. Documented procedures shall include at a minimum: – training, – internal audits, – record-keeping, – stakeholder engagement, including management of comments and complaints, – handling non-conforming products and non-appropriate documentation, – material receipt: input/purchasing, – material accounting, – sales transactions: output/sales, – claims, – business integrity, social, and health and safety requirements, – subcontracting activities/subcontractors (where applicable), and – collection and communication of data for energy and carbon balance calculations. N/A N/A
Description of Non-conformance and Related Evidence:	
The company has developed and implemented documented procedures covering all applicable requirements within the scope of its SBP certification. These procedures address the activities necessary to maintain the Chain of Custody	

system and ensure compliance with the applicable SBP Standards. The procedures are developed and maintained by the Sustainability Team and are reviewed at least annually as part of the internal audit process to ensure their continued completeness, effectiveness, and alignment with current operations. Procedures are revised and updated as needed. The procedures are maintained on the company's shared drive and are accessible to relevant personnel. Employees receive training in applicable procedures to ensure implementation of the SBP management system. The organization has developed a Supply Base Evaluation (SBE) and a Risk Management Plan, which is included in Section 7 of document DBI-DP-11 Supply Base + Feedstock Verification Procedure . The SBE identifies indicator 3.1.1 of SBP Standard 2 as Specified Risk and describes the applicable risk mitigation measures. However, the Risk Management Plan does not identify indicator 3.1.1 as Specified Risk and does not document the corresponding risk mitigation measures. As a result, the documented procedures do not fully reflect the organization's current activities. During the audit, it was verified through interviews and review of records that the organization has implemented the applicable risk mitigation measures identified in the SBE and that these measures are being applied in accordance with the relevant SBP guidance. Therefore, this nonconformance relates to incomplete documentation rather than ineffective implementation. A Minor CAR is issued because the Risk Management Plan does not accurately reflect the organization's implemented risk management process.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	The company has updated the document "Supply Base + Feedstock Verification Procedure." Section 7.4, "Risk Management Plan," has been updated to include Indicator 3.1.1 of Standard 2 as a specified risk. The document includes the corresponding mitigation measures. During the audit, it was verified that the company followed the SBP methodology and conducted an analysis of carbon stocks within its supply base, encompassing all feedstock sources through Route C.
Findings for Evaluation of Evidence:	The evidence reviewed demonstrates that the corrective actions have been effectively implemented and address the root cause of the nonconformity. Therefore, the CAR can be closed.
NC Status:	Closed
Original Due Date:	2027-09-03
Closing Date:	2026-09-03
Upgrade Date:	N/A
Update Date:	N/A

2.3 Actions taken by Organisation Prior to Report Finalisation

The organization submitted responses to all findings prior to report finalization.

2.4 Notes for the next Audit

N/A

3 Scope of the audit and SBP certificate

Scope item	Check all that apply to the Certificate scope
Primary activity	Biomass Producer
Secondary activity	Biomass Producer
Approved Standards	SBP Standard 1: Feedstock Compliance v2.0; SBP Standard 2: Feedstock Verification v2.0; SBP Standard 4: Chain of Custody v2.0; SBP Standard 5: Collection and Communication of Data v2.0; Instruction Document 5E: Collection and Communication of Energy and Carbon data. v2.1
Product Group IDs	☐ Forest feedstock (1A) ☐ Trees outside forest (TOF) - Urban and landscape feedstock (2A) ☒ Trees outside forest (TOF) - Agricultural land feedstock (3A) ☐ Processing residues feedstock (4A) ☐ Post-consumer feedstock (5A) ☐ Other (please specify) 1004
SBP Feedstock types	☐ SBP Compliant; ☒ SBP Controlled
Includes Supply Base Evaluation (SBE)	Yes
Includes EU RED Scheme	Yes
Includes EU RED Supply Base Evaluation (SBE)	Yes
Products	WB 1.1 Wood pellets
Feedstock origin (countries):	United States
SBP-endorsed Regional Risk Assessments used: **Public link:** https://sbp-cert.org/documents/standards-documents/risk-assessments/	SBP-RRA-US-NF-FOR_v1.0 RRA for US National FOR_Interim, SBP-RRA-US-PF-FOR_v1.0 RRA for US Private FOR_Interim
Chain of custody system	☐ Physical separation ☒ Mass balance
Outsourcing	PL_YN_NO
Changes in the scope	No

3.1 Description of the company

Guidance: Please describe the type, structure and operations of the company including its role in the supply chain, its inputs and outputs as they related to SBP Standards.

ToF (urban/landscaping) was added to the scope.

3.2 Site details

Legal entity name	Address	Site Activity	Visited during the audit
Alabama Pellets LLC – Aliceville Division	6777 Highway 17 South, Aliceville, 35442, United States	Pellet mill	☒

3.3 Detailed description of the Chain of Custody system and Product Groups

Guidance: Please describe the operation of the CoC system including details of the mass balance management and a list of established Product Groups.

The wood pellet production facility (BP) is located in the Southeast U.S. in Pickens County near Aliceville, Alabama. The facility is approximately ten miles from the Mississippi state line and is adjacent to the Tennessee-Tombigbee Waterway in a rural area where forestry and agriculture (e.g. crops, cattle) are prevalent and are the primary sources of income. Much of the forest land in this area is privately owned. Known as the Black Belt Prairie Region, the area is characterized by weathered rolling plains containing various hardwood and mixed hardwood/pine forests.

4 Specific objective of the audit

Director of Sustainability, is the person responsible for implementing the PEFC Chain of Custody system and also manages the organizations SBP management system. The organization operates the credit based method for controlling PEFC claims based on volume credits. All wood fibre is tracked through the process from the District of Origin through the mill to the final bill of sale. Alabama Pellets LLC-Aliceville Division (Drax) uses a database to gather and control information related to the feedstock such as supplier name, scale tickets, fibre type, certification, and district of origin. Alabama Pellets LLC-Aliceville Division (Drax) has appropriate control mechanisms to calculate output volumes, claims and trademark/logo approval. Additionally, Drax conducts an annual Management Review of the commitments, programs and procedures to evaluate the overall effectiveness of the SBP management system. The organization has detailed and comprehensive procedures and databases to cover the necessary requirements regarding the SBP approved Chain of Custody system.

5 Evaluation process

5.1 Timing and duration of evaluation activities

Audit Level of Effort (LoE)		
Activity	**Auditors**	**Auditor hours**
1. Preparation	Kyle Meister	7.0
2. On-site (excl. travel time)	Kyle Meister	8.0
3. Report writing	Kyle Meister	6.0
4. Other	Kyle Meister	10.0

5.2 Auditor team qualification

Auditor qualification		
Auditor name	**Role**	**Qualification**
Kyle Meister	Lead Auditor	SBP Lead Auditor

5.3 Description of evaluation activities

5.4 List of forest management units and feedstock suppliers visited

☐ N/A – No forest sites or suppliers visited during this evaluation
1

5.5 Describe audit sampling methodology used

There is sufficient evidence included in supplier agreements, supplier audits, observation of feedstock types at the pellet mill, and annotated supplier facility maps to conclude that feedstock sourced meets the feedstock description.

5.6 CB stakeholder engagement

☐ N/A – Certification Body stakeholder consultation not applicable for this evaluation

Guidance: Please specify the number and types of stakeholders engaged, method of engagement and its outcomes.

0

5.7 Stakeholder feedback and response

☐ N/A – Certification Body stakeholder consultation not applicable for this evaluation

0

5.8 Main strengths and weaknesses of the management system and operations

No stakeholders provided comments in 2025.

5.9 Summary of evaluation activities for robustness of the Supply Base Evaluation

☐ N/A – Standard 1 not in the scope of the evaluation

0

5.10 Summary of evaluation activities for Processing residues and/or Post-consumer feedstock requirements per Standard 2 and EU RED

☐ N/A – processing residues and/or post-consumer feedstock not used.

5.11 Summary of evaluation activities for chain of custody system per Standard 4

0

5.12 Summary of evaluation activities for collection and communication of data per Standard 5

All fiber procurement is guided by a set of documented procedures, which include measures to vet suppliers per FSC CW, PEFC CS, SFI FS, and SBP RRA/SBE requirements. Topics covered include, for example, HCVs/FECVs, conversion, evaluation of water and wetland features, sourcing area(s), logger training, supplier audits, in-woods field inspections, etc.
The organization uses a vendor set-up and monitoring document process, which is vetted via the UK office. The supplier must complete the New Vendor Set-up Request form, Contract, and Residual Supplier Questionnaire (RSQ). Each supplier must update the RSQ annually. The RSQ contains the signed EU RED self-declaration, a map of the residual supplier's sourcing area to ensure that it is within the organization's Supply Base, and, if the supplier audit is done onsite, an aerial photo that identifies the feedstock storage areas at each residual supplier's mill. The organization conducts onsite audits of the highest risk suppliers in person (FMEA; Failure, Modes, and Effects Analysis). This results in 5-9 audits of highest risk suppliers annually for each mill. The RSQ requests information on certifications, species, raw material input types, sourcing area, scale ticket attributes, BMP inspections, social/ labor compliance (e.g., minimum age), and HCVs.

5.13 Summary of audit findings for competency of involved personnel

5.14 Summary of audit findings for GHG methodology per Standard 6 (if applicable)

The audit team reviewed a sample of feedstock input documents used in supplier set-up, feedstock receipt, and volume tracking. A sample of sales records in DTS was also reviewed. The organization provided a demonstration of how its scaling system is used to feed data into its mass balance account based on feedstock input types to generate credits, and then how data from the mass balance account is tallied under the SBP trader certificate.

6 Detailed evaluation of BP's Supply Base Evaluation (if applicable)

☐ N/A – Supply Base Evaluation not in the scope of the evaluation

6.1 Overview of BP's risk assessments and mitigation measures including EU RED scope

Biomass Producer maintains detailed electronic records of all greenhouse gas data. Management system is utilized for efficiency as BP has total of 7 production facilities and 2 port facilities. The records are maintained by the central office sustainability group and were observed during the remote audit. Electrical energy, natural gas, diesel and gasoline use is based on vendor invoices. BP personnel have demonstrated significant knowledge of requirements to manage data within SBP requirements. All records of feedstock, volumes and distances are maintained by organization within wood management system.

6.2 CB evaluation of specified risk indicators and mitigation measures

Country
United States
Area/Sub-Scope
N/A
Indicator
2.1.3 Key species, habitats, ecosystems, and areas of high conservation value (HCV) pertaining to biodiversity in the Supply Base shall be maintained or enhanced.
Specified risk description
The Interim Regional Risk Assessment for US Private Forest v1.0 (March 6, 2025) identified risk for this indicator. 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 a lack of regulatory safeguards and/or resources/incentives for maintenance and enhancement of G1-G2 animal species not addressed by ESA and G1-G2 plant species identified by the Nature Serve Network and 2019 FSC US NRA identified species, ecosystems, and HCVs.
Detailed description of a mitigation measure
Drax's overall approach aligns with measures specified in the Interim Regional Risk Assessment for US Private Forest v1.0 (March 6, 2025). These include the following measures which are in stages of implementation 1. 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: • Results of the assessment shall be integrated into a summary of management recommendations to support maintenance or enhancement of identified G1 and G2 species and ecosystems associated with forest types within the supply basin. • Results of the G1/G2 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. 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.

2. Assessment of FSC-specified HCVs and areas of specified risk within a biomass producer's supply basin, including primary and processing residue feedstocks:
• 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.
• 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.
• Requirement that suppliers enter binding written agreements that specify logger training inclusive of forest type-based management recommendations to maintain or enhance HCVs. This applies to both primary and processing residue suppliers.

Mitigation Measures of note within Drax's process and procedures include:

• Maintaining SFI Chain of Custody and Fiber Sourcing Certifications as well as PEFC and FSC Chain of Custody and controlled wood.
• Supplier Screening, known as the Know Your Vendor Process which includes a geographical check of where fiber is coming from.
• A Contractual agreement with Supplier and Drax that requires them to follow all Sustainability requirements, laws, and regulations. This agreement also includes the right to audit.
• Annual supplier risk assessment and audit program.
• Collection of Latitudes and Longitudes and maps for every primary feedstock harvest Unit
• Collection counties secondary and tertiary feedstock is sourced from
• Internal Sensitive Species and Ecosystems screening
• Monthly field inspections of primary feedstock harvest units
• Requirement that primary feedstock suppliers used trained logging professionals
• Annual comprehensive Internal Audit Program

Detailed description of CB evaluation of mitigation measure and its conclusions

The audit team conducted the FSC COC and Controlled Wood, PEFC COC, and SFI COC and Fiber Sourcing audits concurrent with the SBP audits. All certificates are current. The following elements of the mitigation measures were confirmed via a sample of supplier records, internal audits, and other records other records reviewed. As applicable, primary tract sites inspected included a review of rare, threatened & endangered species data, and presence of water, wetland and other sensitive features. Assessments, agreement, and correspondence with suppliers cover specified risk HCVs and forest conversion risk. The organization checks logger training certification records during tract or supplier set-up. Internal audit reports reviewed confirm that the results and intensity of supplier audits are assessed.
2.1.3/ 2.2.2:
1. Assessment of G1/G2 plant and animal species and ecosystems:
• Confirmed that primary tracts are assessed vis-à-vis natural heritage databases for the presence of G1/G2 species via review of tract set-up records (i.e.,

Supplier Screening);
• Review of supplier agreements, annual supplier questionnaires, BMP inspection reports, and SFI Implementation Committee (SIC) meeting minutes confirm that logger education and supplier correspondence records cover G1/G2 management recommendations.
2. Supplier agreements, correspondence, and SIC meeting minutes and information reviewed confirm that the results of HCV/FECV assessments have been incorporated into logger training in the supply base.
2.2.1
1. Supplier agreements reviewed include clauses that prohibit the delivery of materials from known conversion sources as described in the mitigation measure. Primary tracts are reviewed for conversion during set-up, and regular inspections of active harvest units are conducted. Per review of signed agreements sampled, suppliers of residual materials are also required to avoid conversion sources and are subject to annual questionnaires to assess these.

Country
United States
Area/Sub-Scope
N/A
Indicator
2.2.1 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.
Specified risk description
While there is consensus that deforestation rates are quite low in the US and for the RRA geography, including Drax's sourcing area, analysis of the USDA Forest Service's Forest Inventory and Analysis (FIA) data 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 a methodology based on population growth and issuance of housing 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 for 46 counties identified by the 2019 FSC US NRA and a range of FIA Units identified in the RRA's Annexes.
Detailed description of a mitigation measure
Drax's overall approach aligns with measures specified in the Interim Regional Risk Assessment for US Private Forest v1.0 (March 6, 2025). These include the following measures which are in stages of implementation 1. 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. Mitigation Measures of note within Drax's process and procedures include: · Contractual Agreements with suppliers that fiber sourced from conversion is not accepted at Drax facilities.

· Conversion screenings when a harvest unit is setup
· Monthly field inspections of primary feedstock harvest units
· Annual risk screenings and audit of Secondary and Tertiary Suppliers
· Internal Regeneration Screening Program

Annual comprehensive Internal Audit Program

Detailed description of CB evaluation of mitigation measure and its conclusions

The audit team conducted the FSC COC and Controlled Wood, PEFC COC, and SFI COC and Fiber Sourcing audits concurrent with the SBP audits. All certificates are current. The following elements of the mitigation measures were confirmed via a sample of supplier records, internal audits, and other records other records reviewed. As applicable, primary tract sites inspected included a review of rare, threatened & endangered species data, and presence of water, wetland and other sensitive features. Assessments, agreement, and correspondence with suppliers cover specified risk HCVs and forest conversion risk. The organization checks logger training certification records during tract or supplier set-up. Internal audit reports reviewed confirm that the results and intensity of supplier audits are assessed.

2.1.3/ 2.2.2:

1. Assessment of G1/G2 plant and animal species and ecosystems:

• Confirmed that primary tracts are assessed vis-à-vis natural heritage databases for the presence of G1/G2 species via review of tract set-up records (i.e., Supplier Screening);

• Review of supplier agreements, annual supplier questionnaires, BMP inspection reports, and SFI Implementation Committee (SIC) meeting minutes confirm that logger education and supplier correspondence records cover G1/G2 management recommendations.

2. Supplier agreements, correspondence, and SIC meeting minutes and information reviewed confirm that the results of HCV/FECV assessments have been incorporated into logger training in the supply base.

2.2.1

1. Supplier agreements reviewed include clauses that prohibit the delivery of materials from known conversion sources as described in the mitigation measure. Primary tracts are reviewed for conversion during set-up, and regular inspections of active harvest units are conducted. Per review of signed agreements sampled, suppliers of residual materials are also required to avoid conversion sources and are subject to annual questionnaires to assess these.

Country

United States

Area/Sub-Scope

N/A

Indicator

2.2.2 Ecosystems, their health, vitality, functions and services in the Supply Base shall be maintained or enhanced.

Specified risk description

The Interim Regional Risk Assessment for US Private Forest v1.0 (March 6, 2025) identified risk for this indicator. 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 a lack of regulatory safeguards and/or resources/incentives for maintenance and enhancement of G1-G2 animal species not addressed by ESA and G1-G2 plant species identified by the Nature Serve Network identified and 2019 FSC US NRA identified species, ecosystems, and HCVs.

Detailed description of a mitigation measure

Drax's overall approach aligns with measures specified in the Interim Regional Risk Assessment for US Private Forest v1.0 (March 6, 2025). These include the following measures which are in stages of implementation
1. 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:
• Results of the assessment shall be integrated into a summary of management recommendations to support maintenance or enhancement of identified G1 and G2 species and ecosystems associated with forest types within the supply basin.
• Results of the G1/G2 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.
• 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.

2. Assessment of FSC-specified HCVs and areas of specified risk within a biomass producer's supply basin, including primary and processing residue feedstocks:

• 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.
• 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.
Requirement that suppliers enter binding written agreements that specify logger training inclusive of forest type-based management recommendations to maintain or enhance HCVs. This applies to both primary and processing residue suppliers.

Mitigation Measures of note within Drax's process and procedures include:

· Maintaining SFI Chain of Custody and Fiber Sourcing Certifications as well as PEFC and FSC Chain of Custody and controlled wood.
· Supplier Screening, known as the Know Your Vendor Process which includes a geographical check of where fiber is coming from.
· A Contractual agreement with Supplier and Drax that requires them to follow all Sustainability requirements, laws, and regulations. This agreement also includes the right to audit.
· Annual supplier risk assessment and audit program.

· Collection of Latitudes and Longitudes and maps for every primary feedstock harvest Unit
· Collection counties secondary and tertiary feedstock is sourced from
· Internal Sensitive Species and Ecosystems screening
· Monthly field inspections of primary feedstock harvest units
· Requirement that primary feedstock suppliers used trained logging professionals
· Annual comprehensive Internal Audit Program

Detailed description of CB evaluation of mitigation measure and its conclusions

The audit team conducted the FSC COC and Controlled Wood, PEFC COC, and SFI COC and Fiber Sourcing audits concurrent with the SBP audits. All certificates are current. The following elements of the mitigation measures were confirmed via a sample of supplier records, internal audits, and other records other records reviewed. As applicable, primary tract sites inspected included a review of rare, threatened & endangered species data, and presence of water, wetland and other sensitive features. Assessments, agreement, and correspondence with suppliers cover specified risk HCVs and forest conversion risk. The organization checks logger training certification records during tract or supplier set-up. Internal audit reports reviewed confirm that the results and intensity of supplier audits are assessed.
2.1.3/ 2.2.2:
1. Assessment of G1/G2 plant and animal species and ecosystems:
• Confirmed that primary tracts are assessed vis-à-vis natural heritage databases for the presence of G1/G2 species via review of tract set-up records (i.e., Supplier Screening);
• Review of supplier agreements, annual supplier questionnaires, BMP inspection reports, and SFI Implementation Committee (SIC) meeting minutes confirm that logger education and supplier correspondence records cover G1/G2 management recommendations.
2. Supplier agreements, correspondence, and SIC meeting minutes and information reviewed confirm that the results of HCV/FECV assessments have been incorporated into logger training in the supply base.
2.2.1
1. Supplier agreements reviewed include clauses that prohibit the delivery of materials from known conversion sources as described in the mitigation measure. Primary tracts are reviewed for conversion during set-up, and regular inspections of active harvest units are conducted. Per review of signed agreements sampled, suppliers of residual materials are also required to avoid conversion sources and are subject to annual questionnaires to assess these.

Country

United States

Area/Sub-Scope

ToF - Landscape + Urban

Indicator

2.1.3 Key species, habitats, ecosystems, and areas of high conservation value (HCV) pertaining to biodiversity in the Supply Base shall be maintained or enhanced.

Specified risk description

This indicator is not applicable to Urban, Domestic and Infrastructure ToF Sources. Risks were analyzed for feedstock originating from cuttings landscape maintenance projects within Drax's sourcing geography contained in the Southeast US. These feedstock sources are generally characterized as low value trees within shelterbelts or windbreaks at the edges of agricultural fields or are encroaching into those fields, where agriculture is the land use. These feedstocks primarily originate on private lands but may also be sourced from local governments (including cities and counties), state and federal ownerships, as well as National Forests, which were also considered in these analyses. The SBP-endorsed RRAs served as the primary sources for evaluating risks and were assessed for the appropriate application to the noted ToF feedstocks. These RRAs and their analyses are appropriate to apply the ToF context for these feedstocks. The ESA serves as a powerful legal nexus that, as the RRA states, has been highly effective in protections of listed species. There remains, however, a gap in legal protections for G1/G2 species that are not listed under ESA, as well as HCVs not associated with ESA listed species and identified by the FSC NRA. Drax has developed, maintains and rigorously implements policies and programs to identify and protect G1/G2 species and HCVs identified by the FSC US NRA. Under Drax's programming, there is a high degree of assurance that known occurrences of these biodiversity values are protected in its direct and indirect sourcing. BMPs are a key management practice that are widely incorporated by the forestry community, resulting in protection of the disproportionally high concentrations of these specie sin aquatic ecosystems. However, given the lack of legal protections, non-negligible risk is concluded for the noted ToF sources.

Detailed description of a mitigation measure

Drax's overall approach aligns with measures specified in the Regional Risk Assessment for US Private Forest v1.1. These include the following measures which are adaptively implemented and informed by our ongoing monitoring regime.

1. 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:

· Results of the assessment shall be integrated into a summary of management recommendations to support maintenance or enhancement of identified G1 and G2 species and ecosystems associated with forest types within the supply basin.

· Results of the G1/G2 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.

· 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.

2. Assessment of FSC-specified HCVs and areas of specified risk within a biomass producer's supply basin, including primary and processing residue feedstocks:

· 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.

· 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.
Requirement that suppliers enter binding written agreements that specify logger training inclusive of forest type-based management recommendations to maintain or enhance HCVs. This applies to both primary and processing residue suppliers.
Additional mitigation measures undertaken by Drax include:

- Maintaining SFI Chain of Custody and Fiber Sourcing Certifications as well as PEFC and FSC Chain of Custody and controlled wood.

- Supplier Screening, including the Know Your Vendor Process and Residual Supplier Questionnaire which includes a geographical check of where fiber is coming from.

- A Contractual agreement with Supplier and Drax that requires them to follow all Sustainability requirements, laws, and regulations. This agreement also includes the right to audit.

- Annual supplier risk assessment and audit program.

- Collection of Latitudes and Longitudes and maps for every primary feedstock harvest Unit

- Collection of counties sawmill and wood industry residue feedstock is sourced from

- Internal Sensitive Species and Ecosystems screening

- Monthly field inspections of primary feedstock harvest units

- Requirement that primary feedstock suppliers used trained logging professionals

- Annual comprehensive Internal Audit Program

Detailed description of CB evaluation of mitigation measure and its conclusions

The audit team reviewed the MOV and supporting evidence The organization has not received any ToF feedstock at this site to date.

Country

United States

Area/Sub-Scope

ToF - Urban + Landscape

Indicator

2.2.1 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.

Specified risk description

Risks were analyzed for feedstock derived from trees outside of forests (TOF) sourced in two settings: - Feedstock originating from cuttings landscape maintenance projects within Drax's sourcing geography contained in the Southeast US. These feedstock sources are generally characterized as low value trees within shelterbelts or windbreaks at the edges of agricultural fields or are encroaching into those fields, where agriculture is the land use. - Feedstock originating cuttings in urban, domestic and infrastructure projects within Drax's sourcing geography contained in the Southeast US. These feedstock sources are characterized as low value and end of life trees woody waste from existing gardens or parks or along existing infrastructure such as streets, roads, railways, power lines or airfields. These feedstocks primarily originate on private lands but may also be sourced from local governments (including cities and counties), state and federal ownerships, as well as National Forests, which were also considered in these analyses. The SBP-endorsed RRAs served as the primary sources for evaluating risks and were assessed for the appropriate application to the noted ToF feedstocks. These RRAs and their analyses including those of the various ecosystem types were determined to be appropriate to apply to the ToF sources, including conclusion of non-negligible risk associated with forests (but not wetlands, peatlands or highly biodiverse grasslands where the conclusion of low risk applies). For forests (a), while there is an array of relevant laws for lands owned by the State and Federal governments, there is no specific legal Federal framework that governs the conversion of private forests, outside of forested wetlands. For (b) wetlands, land use history and the impact of legislation was evaluated. The US Clean Water Act (CWA) is the dominant Federal regulatory mechanism for protection of wetlands, which is further articulated at the State level through the implementation of Best Management Practices (BMPs). Specifically, Section 404 of the CWA regulates the discharge of dredged or fill material and specifies activities must not convert wetlands to uplands and/or new uses (EPA, 2020). The rigorous and longstanding enforcement of the CWA suggests conversion of any wetland to dried alternative ecosystems is likely to have occurred before its enactment in 1972, and well before the 2008 cut off specified by the SBP requirements For peatlands (c), multidimensional analysis including quantitative and qualitative assessment in the RRA applies and finds low risk, appl. For (d), highly biodiverse grasslands, the SBP-endorsed RRA for private land finds low risk due to the elimination of these ecosystems before the US Civil War in 1861.

Detailed description of a mitigation measure

Drax's overall approach aligns with measures specified in the Regional Risk Assessment for US Private Forest v1.1. These include the following measures: 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.
Mitigation Measures of note within Drax's process and procedures include:

- Contractual Agreements with suppliers that fiber sourced from conversion is not accepted at Drax facilities.
- Conversion screenings when a harvest unit is setup
- Monthly field inspections of primary feedstock harvest units
- Annual risk screenings and audit of Sawmill and wood industry residue Suppliers
- Internal Regeneration Screening Program
- Annual comprehensive Internal Audit Program

Additionally, the Drax team is piloting the use of remote sensing and AI technologies to reinforce and augment the above measures.

Detailed description of CB evaluation of mitigation measure and its conclusions

The audit team reviewed the MOV and supporting evidence The organization has not received any ToF feedstock at this site to date.