CANADA'S WOOD PELLETS ADVANCING SUSSIAINABILITY

Drax's Catchment Area Analysis of Northwest British Columbia

Photo: naturallywood.com

Canada's wood pellet sector is committed to sustainable fibre sourcing and supporting responsible forest management. Our sector has a powerful role to play in building a low carbon economy, founded on sustainable forestry and supporting positive carbon balances in managed forests.

Canadian pellet producers work with our customers to develop and implement key sustainability metrics and ensure that together we are contributing to positive environmental outcomes. One excellent example of this type of partnership is Drax - aglobal green energy producer headquartered in the UK with operations in Europe and North America. Drax is also a major customer of Canadian wood pellet producers. Committed to responsible fibre sourcing and transparency, Drax has detailed fibre sourcing and sustainability standards. The company backs these programs with evidence-based data and reporting, most notably in the company's Catchment Area Analyses (CAA).

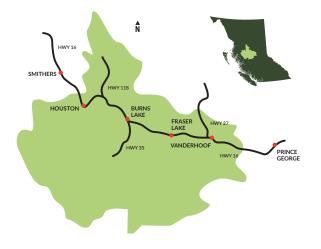


Photo: naturallywood.com



EXAMINING THE IMPACT OF FIBRE SOURCING

A CAA is a detailed assessment of the impacts of fibre sourcing for pellet production in the area that supplies one or more pellet mills. The CAA examines the impact of fibre sourcing on the environment, climate, and forest industry within the catchment area.



The analyses examine trends for factors including:

- forest composition, growing stock and growth rate
- deforestation and forest degradation
- changes in forest management practices
- wood prices and other markets that use wood
- amount of carbon stored on the landscape (growing stock)
- sequestration rate of carbon (productivity of forests)
- harvesting levels versus productive capacity of area

NO NEGATIVE IMPACTS IN ANALYSIS OF NORTHWEST BRITISH COLUMBIA

Drax has now posted the results of the Catchment Area Analyses for 2020 – representing two-thirds of its global procurement – including a detailed report on Pinnacle Renewable Energy's operations in Northwest British Columbia. The study was conducted by Arborvitae Environmental Services Ltd., a Canadian company co-led by Jeremy Williams, RPF (Ontario) and Ph.D. Forestry Economics, in partnership with Gary Bull, Ph.D. Forestry Economics, Professor and Head of Department, Forest Resources Management at the University of British Columbia.

The project involved considerable data collection and analysis; Pinnacle worked with the consultants to supply wood procurement and production data and the consultants received assistance from other consultants and from the British Columbia Ministry of Forest, Lands, Natural Resource Operations and Rural Development.





Canadian pellets are made entirely from sawmill waste, residuals left over from harvesting or low-quality logs.

One of the main conclusions of the report is that pellet demand has had no influence on forest management practices other than more complete use of harvested trees, leading to reduced slash burning.

Because the pellet mills primarily use mill residuals, and a minor amount of ground slash and low quality wood that would otherwise be burned or left to rot at roadside, harvest levels are not impacted by pellet production.

The study also concluded that there were no negative effects on other participants in the local forest industry.

The report highlights British Columbia's forest management systems and regulations, along with the significant efforts that have been undertaken in the region to respond to the mountain pine beetle epidemic — salvaging damaged forests and undertaking significant reforestation efforts to return the area to healthy, productive forest cover.

"The report re-affirms that biomass plays a critical role in helping local communities and the forest industry respond to natural disasters and highlights the importance of customer-supplier relationships to better understand changing forestry dynamics,"

Vaughan Bassett, Senior Vice President Sales & Logistics, Pinnacle "This level of detailed catchment area study in relation to the sustainability impacts of raw material sourcing is essential, and will define more supplier to customer relationships going forward... As we look to move toward a circular bioeconomy, global consumers will increasingly look for this type of transparency in forest supply chains."

Gary Bull, Ph.D. Forestry Economics Professor and Head of Department Forest Resources Management University of British Columbia

LEARN MORE

Drax's Catchment Area Analyses and sustainability commitments, visit **www.drax.com**.

Canadian wood pellets and sustainable fibre sourcing, visit **www.pellet.org**.