

DRAX GROUP PROCEDURE

Environment, Social and Governance (ESG) Databook

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About this Document

Process – Overview

This process provides detail on the functioning of the Environment, Social and Governance (ESG) Databook. This is the source of data for ESG related matters for the entirety of Drax Group.

Compliance with this process is mandatory for all employees and other workers of Drax Group.

Introduction and scope

ESG data is used for several purposes. The quality of the data and the confidence held in the data is of critical importance to the functioning of Drax Group. Data as part of the ESG Databook is used as part of the following reporting requirements:

- Annual Report and Accounts (ARA);
- Half year reporting;
- Carbon Disclosure Project (CDP);
- Supporting Customer tenders;
- ESG indices¹;
- Shareholder and investor requests;
- Drax websites; and
- As well as providing a proactive bank of information.

Figure 1 provides an overview of where the data is gathered from and the areas the resource data is shared to.



Figure 1- Drax ESG Data Flow

The Annual Report and Accounts provides a comprehensive summary of Drax’s ESG performance and initiatives, drawing data from the ESG Databook. It serves as a primary source of information for responding to Shareholder and Investor requests who are interested in assessing Drax’s sustainability. Half Year reporting provides interim updates on Drax’s ESG progress that can be used in customer tenders to demonstrate ongoing commitment to sustainability and transparency. Additionally, ESG indices collects ESG data and Carbon reduction efforts that can be used in customer tenders that require information on Drax’s carbon reduction progress and environmental sustainability. ESG indices can streamline Drax’s ESG performance data to create a proactive bank of information, which is easily accessible for ad-hoc requests, research and fostering companywide connectivity regarding ESG efforts.

The ESG Databook supports the creation of Drax websites, by centralising up to date ESG data for transparently reporting progress and initiatives.

The ESG reporting process to ultimately create the ESG Databook can be broken down into three stages:

1. Data Collection and Validation
2. ESG Data Compilation and Review
3. External Verification and Approval

The first stage involves collecting primary data from various sites, recorded in site-specific spreadsheets by 'ESG Data Owners' and uploaded to SharePoint. Technical reviewers assess and approve the data, and a Full Year Databook is created.

ESG data owners then input their Full Year data into the 'ESG Data Phase 1' tab and provide supporting evidence.

The third stage includes a two-phase external verification, resulting in the issuance of an assurance statement. The data undergoes further technical review, approval by SLT members, and final sign-off by the Chief Financial Officer.

Roles and Responsibilities

- *Coordinators* are responsible for the raw data collection that is the primary source for the ESG data. This data typically comes from meter readings and invoices;
- *Site Managers* are responsible for ensuring the data provided is accurate and complete;
- *Carbon Analyst/ Decarbonisation Team* is responsible for carbon and energy data calculations and aggregation, and ultimately the completion of the annual ESG Databook
- *Third Party Reviewer* is responsible for conducting an assurance review on the ESG data and supporting documents;
- *ESG Data Owner* is responsible for site specific data input into the ESG data book and evidencing with supporting documents;
- *ESG Technical Reviewer* is responsible for reviewing their ESG data and accompanying documentation;
- *Senior Leadership Team* are responsible for the approval of the ESG Databook; and
- *The Group Director of Sustainability* is responsible for the delivery of the overall system

Figure 2 provides the Drax governance structure, this is supported by a RACI assessment available in Appendix 2, which outlines which department and roles are providing data into the EASG data book reporting cycle.

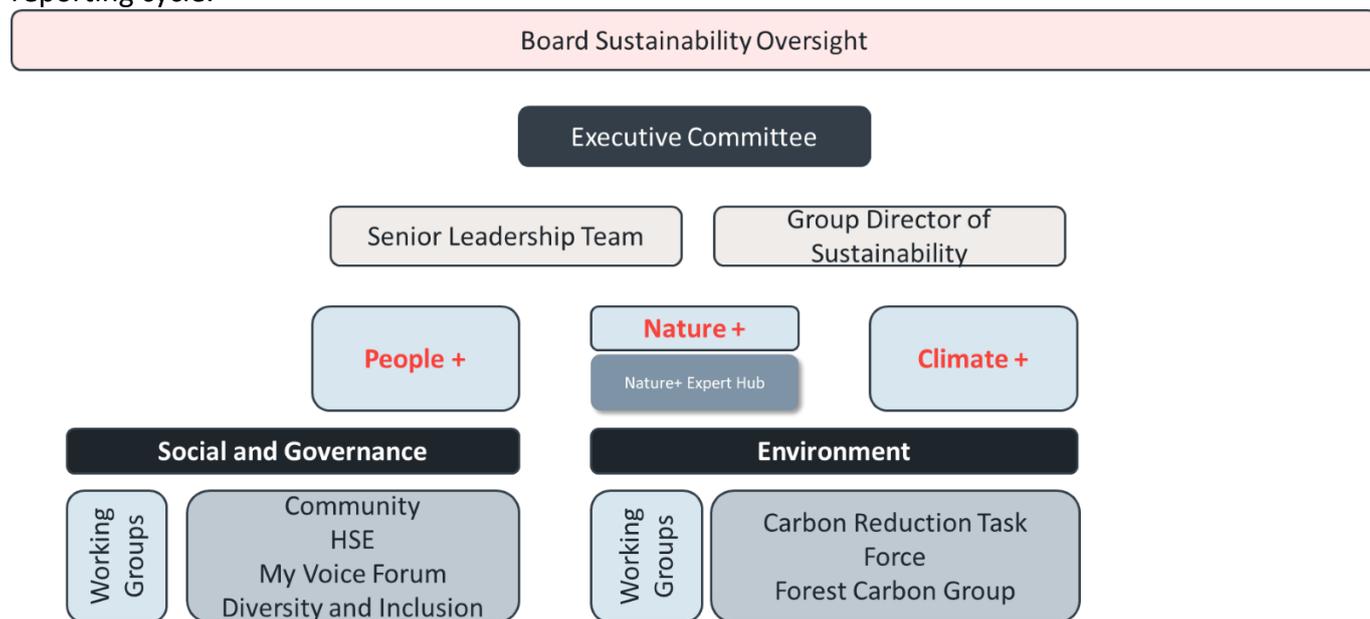


Figure 2- Drax ESG Reporting Governance Structure

Scope of Data

As a minimum, data included is in the areas of environment, social, early careers and health and safety. It should be recognised that there may be some cross over areas with financial and non-financial data, these should be reviewed in association with the owners of the relevant data books. The current data collected is shown in **Figure 3**.²



Figure 3 - ESG Data captured in Drax ESG Databook³

The **Environmental** data is collected through:

- Sustainability Audit Reports;
- Dynamic Purchasing Systems;
- Supplier forms stored on Sustainability Data Return (SDR) system;
- Invoices

The **Social** data is collected through:

- Source systems (ESS/ Power Quote);
- SAI 360 Software;
- Cascade Software;

- Payroll;
- Annual Engagement Survey;
- OneDrax; and
- Internal spreadsheets

The **Governance** data is collected through:

- OneDrax; and
- Business Ethics team on SharePoint.

This ESG data is collected across specific sites and business units, by 'co-ordinators'. This data is annually compiled and uploaded onto SharePoint for the respective years ESG Data Book, Annual Report and CDP. The designated technical reviewer accesses the data via SharePoint to conduct a review. For the environmental data, this review consists of regulation and compliance analysis, and an excel data quality check. For the social and governance data, this review is conducted using Power BI and Reporting software, SIA software, Cascade, and internal systems. Once complete, the technical reviewer sends confirmation of assurance via email to the Decarbonisation and ESG team. This process is outlined in **Figure 4**.

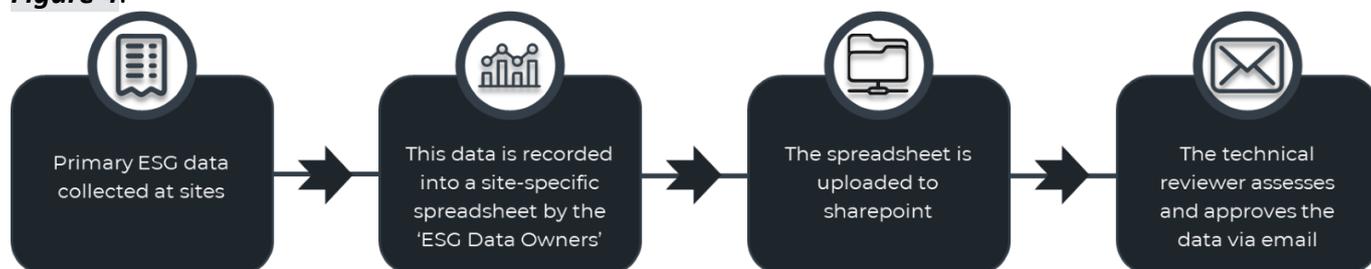


Figure 4 - Stage 1 Data Collection and Validation

Once the technical reviewer has confirmed validity of the data via email, the Carbon Analyst creates the annual ESG Databook on SharePoint, which is approved by the Carbon Mitigation Manager. The Carbon Analyst requests this reviewed data from each of the sites and business units by sharing the Databook via email. The data is compiled into the Databook spreadsheet, with ESG Data Owners and Technical Reviewers inputting information including the Fuel Type, Description, Units, Site and Source. In addition to the data, they are asked to input their Names for accountability and auditability.

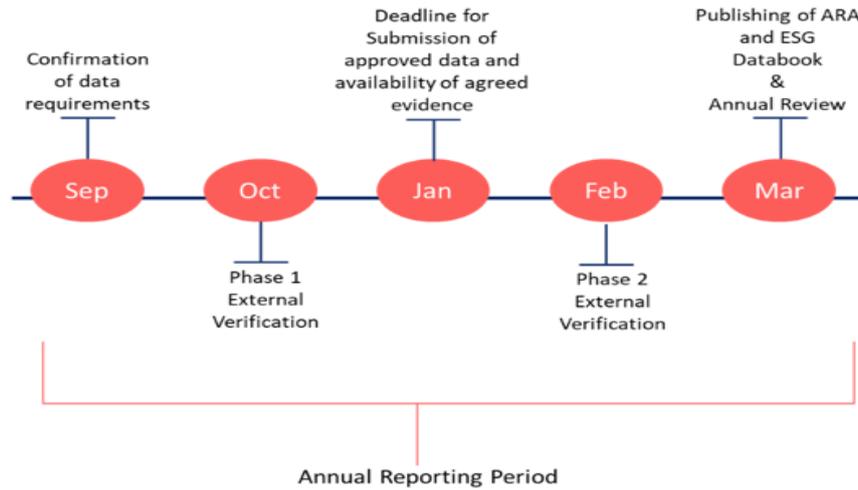


Figure 5 - Drax ESG Annual Reporting Timetable

Data will be identified on an annual basis, **Figure 5** provides an overview of the timeline for ESG data book reporting cycles. A timetable shall be developed for each reporting period. The annual reporting process will typically be aligned to the stages as outlined in Figure 4, but subject to annual variation as required. In the first four months of each year a review shall take place of the previous year. The Decarbonisation Team shall lead a review which shall consider any gaps in data driven by internal and external factors and identify and formalise any opportunities for improvement.

Sign offs and Approvals

All individual data must be signed off at each level it is released. If data released from a business are to be aggregated, then it will be subject to a review by a technically competent person before being released to the Decarbonisation team for aggregation. **Figure 6** provides an overview of the signoff and approvals flow.

The roles in terms of compiling the data are as follows:

- **Coordinator** – A nominated person within a business area who is responsible for collating primary data within their allocated area. They should take responsibility for checking the data which they are uploading;
- **Technical Reviewer** - A nominated person within a business area who is responsible for quality assuring the primary data being provided. They are responsible for signing off the data for release forward to Group aggregation stage;
 - A second *technical reviewer* will quality assure data post aggregation;
- **Carbon Analyst** Responsible for aggregating primary data from sites to Group level. They lead on engagement and management of external verification processes and upload data to SharePoint once processes are complete;
- **Director or Head of Business Unit (ESG Data Owner)** - Responsible for, and own, all data points at Group level. Some data may require more than one person at this level to provide sign off, but one will be nominated as data owner; *and*
- **Group Director of Sustainability** - Is responsible for the final approval and release/publishing of data once, where relevant, external verification has been completed.

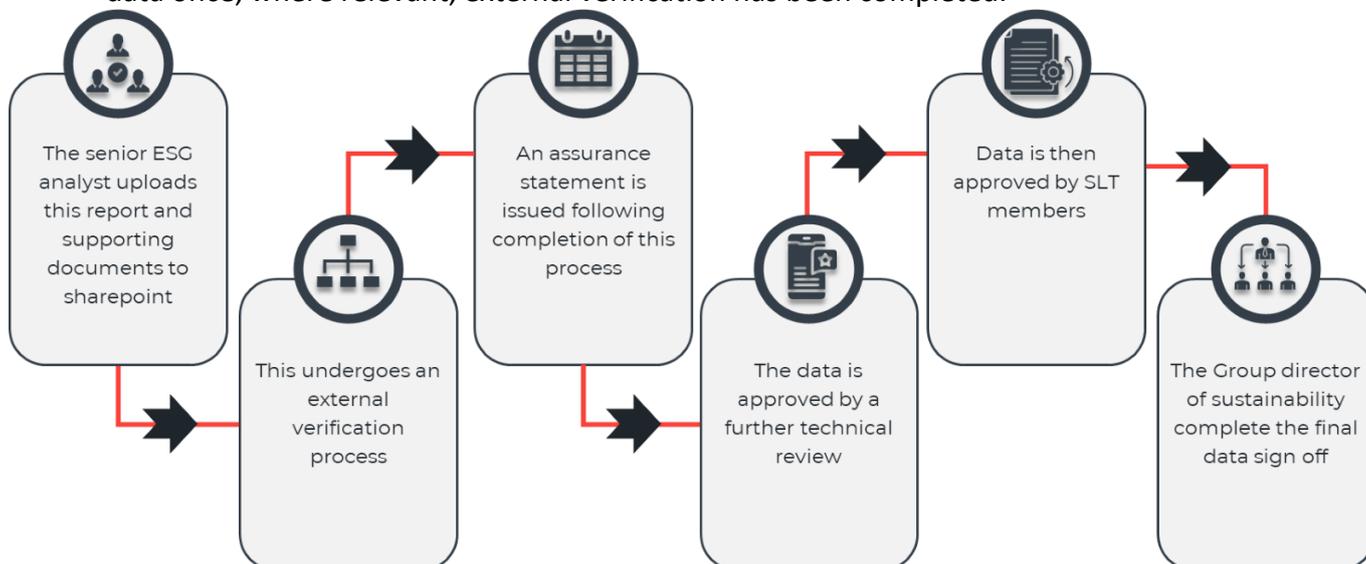


Figure 6 - Stage 3 External Verification and Approval

A standard document containing all data for the reporting period shall be retained by the Group ESG Manager, currently the *Senior ESG Analyst*, to whom all requests for ESG data should be made. The data

is stored with the Financial Full Year data, to have a combined document for financial and non-financial data at Drax.

The external verification process has two phases. To achieve robust data quality and a strong system, key data will be subject to limited external assurance on an annual basis.

The ESG data is audited by Bureau Veritas (BV) and PricewaterhouseCoopers LLP ('PwC'). BV undertakes a limited assurance of this data as part of the necessary sustainability audit for subsidy. This review of Drax's Biomass Carbon Calculator is published annually as 'Bureau Veritas Independent Limited Assurance Report'.

We have engaged PwC to perform an external independent limited assurance engagement over the following ESG metrics;

- Group total Scope 1 greenhouse gas emission;
- Group total Scope 2 (location and market based) greenhouse gas emissions;
- Group total Scope 3 greenhouse gas emissions;
- Proportion of Group emissions in the UK;
- Generation emissions per GWh of electricity generation;
- Group emissions per GWh of electricity generation;
- Group total energy consumption;
- Total water abstracted –power generation;
- Total water returned – power generation;
- Total water abstracted and returned – hydro generation;
- Total water abstracted from reservoir – pumped storage;
- Total water abstracted from Loch Awe – pumped storage;
- Total Group Recordable Incident Rate;
- Total Group employees
- Group Near Miss and Hazards Incident Rate (NMHIR)

For the results of that assurance, refer to page(s) 12 to 46 in the ESG Performance Report 2023 (www.drax.com/esg-performance-report-2023).

Appendices

Appendix 1 – Basis of Reporting

Organisational Boundary

Drax aims to include all emissions from business activities linked to the Drax Group. A list of all the Company's direct and indirect related undertakings can be found in the Financial statements in the Annual report (p278).

Company/Business unit	Description
Generation	<p>Drax portfolio provides dispatchable, renewable power and system support services to the electricity grid. Our Generation business also uses pellets sourced from our Pellet Production with additional pellets sources from around the globe. The generation sites includes:</p> <ul style="list-style-type: none"> • Drax Power Limited: The biomass power station and the offices on site. • Drax Pumped Storage Limited (Cruachan Power Station including the visitor centre) • Drax River Hydro Limited (Lanark and Galloway dams and stations) <p>The OCGT facilities (Abergelli, Hirwaun, Millbrook and Progress) are currently in construction as of 2023.</p>
Pellet making	<p>Based in the US south and in Western Canada, we have 17 operational and development pellet mills with nameplate capacity of around 5Mt once expansions are complete. They provide a sustainable, low carbon fuel source that can be safely and efficiently delivered through our global supply chain. All plants are included into the boundary as they fall in the</p>

	operational control of Drax Group. In addition, the ports of Baton Rouge, USA and Westview Terminals, Canada are included.
Customers	<p>Our Customers business is principally focused on renewable electricity sales to industrial and corporate customers in the UK. The business also offers non-generation system support and energy management services, such as the provision of decarbonisation services, including vehicle fleet electrification. It also provides a route to market for many smaller embedded renewable generators.</p> <ul style="list-style-type: none"> • Drax Energy Solutions Limited • Opus Energy Group Limited
Non-Generation	All emission sources that are not classified as Generation are included. With the inclusion of “Pellet making” and “Customers” above, Drax includes the activities from the various offices (Tokyo, London, Glasgow, Prince George, Vancouver, Monroe and Houston) and Daldowie Fuel Plant.
Exclusions	Drax Group’s GHG inventory excludes the activities linked with “BMM Energy Solutions Limited”, an installer of electric vehicle (EV) charge points, which was acquired on 31 st August 2023. It’s scope 1 and 2 footprint is expected to be immaterial to the current total; but further investigation will be conducted in 2024.

Greenhouse Gas Emissions Reporting Criteria

Drax Group's approach to its corporate inventory is to include as much of the direct and indirect emissions from the consequence of the activities of the company. Unless stated otherwise, Drax's carbon accounting methodology follows the Greenhouse Gas Protocol's Corporate Accounting and Reporting Standard. The GHG emissions are classified in the following categories:

- **Direct GHG emissions (scope 1):** GHG emissions from sources that are owned or controlled by the company.
- **Indirect GHG emissions (scope 2):** GHG emissions from the generation of purchased electricity, heat and steam consumed by the company.
- **Indirect GHG emissions (scope 3):** GHG emissions that occur as a consequence of the activities of the company, but occur from sources not owned or controlled by the company.
- **Out of scope:** Biogenic CO₂ emissions from sources owned or controlled by the company.

Greenhouse gas emissions conversion factors are published for users (such as Drax Group) to report emissions in terms of carbon dioxide equivalence (CO₂e). However, some databases (such as the [National inventory report](#) and [EPA Emission Factors Hub](#)) report emissions non-CO₂ GHGs (CH₄, N₂O, SF₆, PFCs, HFCs, NF₃) without converting to CO₂e. In those instances, Drax will use the AR5 published IPCC global warming potentials for a 100-year period without climate carbon feedbacks and not include indirect impacts from water vapour, NO_x, albedo or contrails.

Drax uses 2020 as its baseline year and set a science-based carbon emissions target to well below 1.5°C. Drax's recalculation policy treats "significant changes" into two categories: Errors and non-errors. For errors, if the accumulation of the errors amount to more than 10% for Scope 1 or 2, or 15% for Scope 3, then a restatement will be made the following year. For non-errors, such as structural changes; divestment and investment; outsourcing or insourcing of significant emissions or changes in methodology. Only the baseline year (2020) will be restated as it is used for the 2030 SBTi targets.

Where externally published emissions factors are used, the first preference will be factors issued by the Government of the location of the assets. Where suitable emissions factors do not exist, if required, other reputable external sources will be used. For example, well-to-tank (WTT) factors for fuels are not published in the USA and Canada sources used. Therefore, Drax uses the same WTT from the UK Government conversion factors onto those fuels.

Drax recognises that biomass should not automatically be assumed as 'carbon neutral' and that biomass may have beneficial or damaging impacts on the climate depending on how it is sourced and where it is

sourced from. In particular, we acknowledge and support the carbon accounting approaches for biomass laid out in the [2006 IPCC Guidelines for National Greenhouse Gas Inventories](#), which recognises that the most appropriate means to evaluate the climate impact of carbon flows in the biogenic carbon cycle, including land use and biogenic products, is through assessment of carbon stock changes in the agriculture, forestry and other land use (AFOLU) sector. This guidance further requires that to avoid double counting of emissions, biogenic CO₂ is 'zero-rated' at the point of release, whether this be due to combustion or respiration. In supporting these accounting conventions, we appreciate the implications of the guidance: that the climate benefit of bioenergy and BECCS can only be fully determined when considering the impact of sourcing on land sector carbon stocks.

In accordance, Drax only sources biomass that has a neutral or positive impact on carbon stocks in forests and the wider land sector. By doing so, we can demonstrate that atmospheric removals in the land sector related to the biomass we use are at least as great as the amount of carbon released through combustion.

Half year & Full year results

Drax reports half year emissions only for Scope 1 and 2 emissions. The data collection and carbon calculation methodology remain (unless if stated) the same between full year and half year. Any data collected with provisional data for the last month of the reporting period (eg: December) will have the same assumption for half year (June). Each area of the business may select the most appropriate method of estimating the missing information and will be listed in the data collection methodology in the sections below. For example, Drax power station may provide a provisional figure which hasn't gone through the process of adjusting the final figures similar to previous months. However, the impact is only a 1-5% of reported tonnages. Some estimates will be based on proxy information, alternative meters/data storage software, or simply the average of the past 11 months.

Scope 3 emissions are currently not reported in the half year updates. Drax internally reviews the half year progress biomass supply chain emissions (Category 3), opex (Category 1) and capex (Category 2) which accounts for the majority of Scope 3 emissions.

Scope 1 and 2

Relevant KPI: Group total Scope 1 and Group total Scope 2

Drax includes greenhouse gas emissions under Scope 1 and 2 based on a criterion of operational control. Therefore some pellet mills (eg: Houston, Lavington, Northern pellets, Smithers) are accounted for under Scope 1 and 2 despite Drax not having full ownership of the facility. Similarly, leased locations that are wholly operated by Drax and for which Drax have control of the utility suppliers, energy consumption, maintenance and business operations are included in Scope 1 and 2 (eg: Drax Energy Solutions). Those that do not meet those criteria are added to Scope 3.

Scope 1 emissions from fuel combustion and Scope 2 are calculated using the government emissions factors for each location. Exceptions are made if the site managers have more precise, direct measurements that are more representative of emissions. Eg: Drax Power Station has installed air pollution controls and system to limit the N₂O and CH₄ emissions from the stack.

	and then invoiced. The final consumption is based on the invoiced totals.		<p>Biomass wood pellets</p> <p>Business Travel > Car Average car – Diesel</p> <p>JEP Pollution Inventory Methodology> N₂O (biomass/biomass FGD)</p> <p>CH₄ and N₂O calculations for Drax Power Station are more representative to an operational power plant compared to domestic combustion.</p> <p>Refrigerant & other> Sulphur hexafluoride (SF₆) R410A</p>
Canada	<p>Diesel (Light fuel oil), Natural gas, Motor Gasoline and Propane consumption are invoiced by each supplier and aggregated into a excel database for reporting.</p> <p>The tonnes of biomass used by dryers is based on a calculation of Oven dried tonnes (ODT) needed to run the furnace. Then it is adjusted based on the moisture content of the biomass at arrival.</p> <p>The Prince George office natural gas usage is estimated using Vancouver office as a proxy. The</p>	Litres, GJ	<p>National inventory report EN_Annex6_Emission_Factors_Tables.xlsx</p> <p>Table A6.1-1> Natural gas (Canada – Marketable) Biomass – woodchips</p> <p>Table A6.1-3> Natural gas (Canada – industrial)</p> <p>Table A6.1-4> Propane (all other uses)</p>

	<p>Prince George office is 5.2 times larger (by square footage) than the Vancouver office, therefore the natural gas consumption is estimated to be equally higher.</p> <p>Time-chartered ships Drax currently have a few time-chartered vessels delivering pellets from Canada to Asia. Since the contract was under the “Pinnacle” this is included as emissions under “Canada”. After each voyage, a fuel consumption report is shared with the total marine fuel oil and diesel fuel oil used. All journeys are included based on the date of arrival. The consumption is a good representation of fuel consumption during sea passages, however in port fuel usage or some short passages between ports may be excluded.</p>	Tonnes	<p>Table A6.1-5> Light Fuel Oil (industrial) Motor Gasoline</p> <p>Table A6.1-14> Gasoline Vehicles (LDGV tier 2) Diesel Vehicles (LDDVs)</p> <p>Table A6.6-4> Light Fuel Oil (industrial)</p> <p>National inventory report Gas oil grades or types for marine fuels are assumed to be the same across all vessels and journeys.</p> <p>EN_Annex6_Emission_Factors_Tables.xlsx</p> <p>Table A6.1-14> Light Fuel Oil (Marine) Heavy Fuel Oil (Marine)</p>
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USA	<p>Diesel, Natural gas, Motor Gasoline and Propane consumption are invoiced by each supplier and aggregated into a excel database for reporting.</p> <p>Biomass consumption at the pellet mills (hogfuel) are paid and recorded by the finance team through the deliveries “at gate”. Hogfuel consumed is calculated based on the difference between the starting inventory, purchased hogfuel and the closing inventory.</p>	<p>Litres, m³ (gas)</p> <p>Tonnes</p>	<p>EPA Emission Factors Hub</p> <p>Diesel (Distillate Fuel Oil No. 2)</p> <p>Natural Gas</p> <p>Motor Gasoline</p> <p>Propane</p> <p>Wood and Wood Residuals</p>
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Table 2: Scope 2 emission sources

Sources of Scope 2 emissions	Emissions data collection, calculation methodology and uncertainty	Data collection unit	Conversion factors and uncertainty
UK	<p>All electricity consumption in the UK is metered and collected to an excel sheet for reporting.</p> <p>Location-based: A scope 2 location-based emissions figure will be reported in the Annual Report and Accounts, based on reliable local grid emissions factors.</p> <p>As a UK generator, Drax Group owns and generates electricity to deliver to the grid. Following the GHG Protocol’s section 5.6 and Table 6.1, Drax will not report scope 2 emissions (location and market-based) if certificates are not generated/ sold or if Drax’s REGOs are retained for other locations on the</p>	MWh	<p>UK Government conversion factors</p> <p>UK electricity > Electricity UK Electricity Generated</p> <p>Drax has opted not to use “regional” emissions factors available on National Grid ESO for the UK. However, it is still being investigated as a possible source of data.</p>

	<p>GB Grid.</p> <p>Market-based:</p> <p>Following the GHG Protocol, under a market-based approach, is recommended to use a “residual mix” factor for the electricity consumed without green credentials (eg:REGO). Drax uses the AIB as the reputable source for CO₂ emissions for the UK. However this only applies to CO₂ emissions, not non-CO₂. Regarding non-CO₂ emissions, Drax has not been able to identify an authoritative and reliable source to use for each generation type. However, as a biomass generator, we are aware that only CO₂ is considered neutral and CH₄ and N₂O emissions could be reported. Therefore, we have decided to use the N₂O and CH₄ equivalent from the UK “Electricity generated” values for all imported electricity, whether it is supported by REGOs or not.</p> <p>For electricity supported by a REGO, the CO₂ will be reported as zero, as per the fuel mix disclosure / DUKES table 5.14 for “renewables”. If all REGOs are</p>		<p>AIB Residual Mixes</p> <p>UK Market Residual: CO₂/kgCO₂e: Table 1 > GB > CO₂</p> <p>UK Government conversion factors</p> <p>UK Market Residual: CH₄/kgCO₂e, N₂O/kgCO₂e</p> <p>UK Government conversion factors</p> <p>UK electricity > Electricity UK (kgCH₄ , kgN₂O)</p>
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from a portfolio of wind/solar/hydro only, then CH₄ and N₂O emissions can be reported as zero.

Cruachan

Drax has been in contact with the World Resource Institute (WRI), who created the GHG Protocol, through the International Hydropower Association (IHA) and have been instructed that front of the meter energy storage systems (FTM ESS) such as Cruachan should report their electricity emissions based on a “Net consumed energy” approach. This approach is similar to how utility companies operating a poles and wires business account for T&D energy losses in scope 2 and not the total energy moving through their infrastructure. Thus, FTM ESS should account for the net energy consumed across all charge/discharge cycles for a given accounting period, not the gross energy to charge the system in the scope 2 inventory.

Net consumed electricity = [Imported electricity] – [electricity exported]

The net consumed electricity is applied to both location-based and market-based approach. Drax will follow the recommendation as advised by WRI, but will continue to investigate potential “advanced grid studies” to report alongside the reported scope 2

	<p>Drax Power Station</p> <p>Drax power station has multiple metered points to measure the gross generation of electricity, electricity consumption of unit power (pumps and mills for generation) and imported electricity for ancillary equipment (including general non-united usage such as lighting, offices, biomass supply systems). Drax considers the imported electricity as its Scope 2.</p>		
<p>Canada</p>	<p>Electricity is metered for each location and is invoiced by the provider. The consumption total from each invoice is added is stored in an excel sheet for reporting. Businesses in Canada are not able to choose electricity providers, therefore the market-based approach is the same as the location-based calculation.</p> <p>The Prince George office electricity usage is estimated using Vancouver office as a proxy. The Prince George office is 5.2 times larger (by square footage) than the Vancouver office, therefore the</p>	<p>MWh</p>	<p>National inventory report - EN_Annex13_Electricity_Intensity.xlsx</p> <p>British Columbia: Table A13-11 Alberta: Table A13-10</p>

	electricity consumption is estimated to be equally higher.		
USA	Electricity is metered for each location and is invoiced by the provider. The consumption total from each invoice is added is stored in an excel sheet for reporting. Similar to Canada, US companies cannot choose suppliers. The market-based emission factor uses the grid average as the location-based method.	MWh	EPA Emission Factors Hub Table 6 > Total Output Emissions Factors> SRMV SRSO NWPP

Scope 3

Relevant KPI: Group total Scope 3

Drax reports against scope 3 emissions as defined by the GHG Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard and uses the same standard against which to report. Drax reports all categories excluding category 13 Downstream leased assets. Drax's downstream leased assets includes a wide variety of activities including farming, woodland plantation, offices, social/sports clubs and more, making calculation infeasible. An informal assessment estimated the emission from these locations were below 100 tCO_{2e} per year, therefore have been deemed immaterial until a formal data materiality assessment is done.

The '[Biomass Carbon Calculator](#)' is a greenhouse gas lifecycle emission tool developed by Drax that allows accurate calculation of wood pellet supply chain GHG emissions in accordance with UK and EU regulations. The Calculator meets the needs of stakeholders and regulators; and has since been independently verified against the methodologies laid out in the UK Renewables Obligation and Annex VI of the EU Renewable Energy Directive recast. Drax relies on the calculator to report scope 3 emissions for biomass pellet supply chains and meets the standards from the GHG Protocol. A comprehensive guide for all the emission factors can be found in the [user guide](#).

A selection of the main references are listed in Table 3 below.

Table 3: Selection of references used in the Drax Biomass Carbon Calculator

Reference	Link
JRC (2016); Solid and gaseous bioenergy pathways: input values and GHG emissions - Version 2	JRC
Biograce II - Version 3	Biograce 2
Biograce additional standard values	Biograce 2
2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2 Energy, Chapter 2	IPCC Volume 2 Chapter 2
Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (recast)	EU Directive
Solid and Gaseous Biomass Carbon Calculator 2.0 (Build 36)	Ofgem

	<p>Upstream processing emissions of sold Drax pellets</p> <p>All Drax pellets sold to third parties are weighed during each shipment through the “draught surveys” when a vessel is loaded. These are captured and recorded into Drax’s database. Draught surveys can vary from port to port depending on their instruments. “Processing at origin” emissions from all Drax pellets sold to third parties are estimated using the Biomass Carbon Calculator.</p> <p>3rd party pellets sold are weighed and recorded in the same method as Drax pellets, at the power. The emissions from processing at origin, pelleting and transport to local are also estimated using the Biomass Carbon Calculator.</p>	Tonnes	<p>Drax Biomass Carbon Calculator</p>
<p>2. Capital goods</p>	<p>Capex cost</p> <p>Operational Capex is used to estimate the emissions from capital goods that do not have a carbon lifecycle analysis available. Capex is measured and captured by Drax’s Financial Management Platform. The total Capex spend (excluding bad debt) is collected by business area: Generation, Pellet Production, Customers and Central. The spend is available in various other breakdowns, however they are not currently used due to the limitations with the carbon conversion metrics.</p>	£	<p>Spend-based emissions factors were calculated by an external consultancy “Route2” in 2020 based on 2019 data using an input-output model. The emission factors are adjusted to account for inflation from 2019 to 2023, using the ONS CPIH annual rate. The emission factors do not include Central (offices), therefore the factor for Customers is used instead. Spend based factors carry limitations and assumes a similar spend profile to the year the data was based on.</p>

	<p>factors for the UK. We recognise that WTT emissions may be different for other countries, and may have different sourcing regions for the above, however Drax takes a conservative approach and includes supply chain emissions for all fuels use globally to rather than ignoring these emissions. An exception is made for coal combusted at Drax power station (where the coal was purchased in previous years and stored on site); and pulverised fuel ash, which is a by-product the current process and the emissions were already accounted for in the combustion of the primary fuel.</p> <p>Electricity indirect emissions Transmission and distribution losses from electricity consumed are added to each country Drax is located. The total MWh used is metered and invoiced by the provider. For the UK, Drax uses the UK Government conversion factors transmission and distribution losses (T&D- UK electricity). For the USA, eGrid (EPA) published the loss rate annually and these are applied to the current factor (Generation output emissions rate/ (1-loss%). For Canada, the National Inventory Report publishes the Generation and Consumption intensity under Annex 13. The difference between the two are the scope 3 emissions from the T&D. Under a market-based approach, the same scope 3 T&D emission factor is used as the location-based approach.</p>	<p>MWh</p>	<p>Coal (electricity generation) Natural gas Gas oil Petrol (average biofuel blend) LPG Diesel (average biofuel blend) Fuel oil</p> <p>WTT- pass vehs & travel- land > Cars - Average car - Diesel fuel</p> <p>UK Government Conversion Factors Transmission and distribution> T&D- UK electricity</p> <p>USA EGrid Loss % T&D > GGL % (output / (1-loss rate%) - output)</p> <p>National inventory report - EN_Annex13_Electricity_Intensity.xlsx British Columbia: Table A13-11 Alberta: Table A13-10</p>
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	<p>WTT emissions from the marine fuel oil and diesel fuel oil are included in this group. The conversion of the metric from Litres to tonnes is based on the Fuel properties of Fuel Oil in the UK Government conversion factors. All journeys are included based on the date of arrival.</p>		<p>The same emission factor is used between Light fuel oil and heavy fuel oil, as there aren't matching fuels to the Canadian Scope 1 emission factors. Gas oil grades or types for marine fuels are assumed to be the same across all vessels and journeys.</p>
<p>4. Upstream transport and distribution</p>	<p>Feedstock transport of Drax pellets sold to third party All emissions from feedstock transport that are destined to be sold to third party once pelletised are included in this group. Calculated using the Drax Biomass Carbon Calculator aligned to Ofgem reporting requirements and assigned as required for scope 3. The tonnages are recorded at vessel loading (see Category 1: Upstream processing emissions of sold Drax pellets)</p> <p>Other sold products Data for the upstream supply of sludge to Daldowie pellet plant were provided directly from the supplier, Scottish Water, based on 2019. This value will be assumed still relevant until a significant operational change occurs.</p>	<p>Tonnes</p> <p>N/A</p>	<p>Drax Biomass Carbon Calculator</p>

<p>5. Waste generated in operations</p>	<p>For UK sites, waste data is compiled annually from the waste vendors. Waste is categorised by European Waste Code and their disposal method (Recycled, Reused, Other recovery methods, Incinerated without energy recovery, Landfill or Other disposal method). A best fit emission factor is allocated from the listed UK Government conversion factors for waste disposal and water treatment.</p> <p>USA pellet mills record the annual tonnes of scrap metal, used oil and other general waste from each location. These are identified through a written description of the waste provided by the facilities managers and then an emission factor from the UK government conversion factors is attached. Canada pellet mills currently report waste as scrap metal, industrial waste and general waste before being attached with a UK government conversion factor.</p> <p>All downstream emissions associated with waste will be assumed to take place in the year the waste is quantified as leaving Drax Group’s responsibility.</p>	<p>Tonnes</p>	<p>UK Government Conversion Factors</p> <p>Waste disposal> Refuse> Commercial and Industrial Waste (Landfill) Refuse> Food and drink waste (Combustion) Refuse> Household residential waste (Landfill) Refuse> Organic (Composting) Refuse> Commercial and Industrial Waste (Combustion)</p> <p>Construction> Asbestos (Landfill) Construction> Average construction (Open-loop) Construction> Soils (Landfill) Construction> Metals (Closed-loop) Construction> Wood (Closed-loop) Construction> Bricks (Landfill) Construction> Aggregates (Landfill)</p> <p>Metal (Closed Loop) Paper (Closed loop) Other> Glass (Closed-loop) Other> Clothing (Landfill)</p> <p>Electrical items> WEE (Closed-loop)</p> <p>Plastics> AVG plastic (Closed-loop)</p> <p>Water Treatment ></p>
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			Water Treatment> Million Litres
6. Business travel	<p>Drax uses a 3rd party software (CTM) to book business travel for UK colleagues. The report provides an annual report with a calculated tCO₂e for the journeys booked through the system. The methodology provided by CTM uses the UK government factors for rail and air depending on the fare class and destination, as well as for hotel stays and taxis.</p> <p>Internal expense claims systems are used for the collation of mileage travelled by employees in their own cars on business, the emissions factor for an average car from UK Government conversion factors is used to calculate emissions from the mileage.</p> <p>Data on hire cars mileage are multiplied by the relevant emissions factor using the UK Government conversion factors. For hire car contracts where the same data are not available a calculated miles per day are applied to other records.</p>	<p>kgCO₂e</p> <p>Miles</p>	<p>CTM travel report > CO₂E Kgs Drax uses the pre-calculated emissions reported by CTM. The emissions do not include indirect “RF” emissions due to the significant scientific uncertainty highlighted in the UK Government conversion factors> Business travel -air.</p> <p>Business travel – Land > Average car - Diesel fuel</p>

<p>7. Employee commuting</p>	<p>Employee commuting/ WFH UK Emissions from commuting are calculated based on the number of staff employed for each site at the end of the reporting period. The distance is calculated “as the crow flies” from their postcodes to the office multiplied by 1.417 to estimate the driving distance. A “working from home” factor is applied to each office location (estimated by HR) and splits the emissions between commuting and the emissions from homeworking.</p> <p>For USA and Canada employees, the average emissions per employees from the UK is used to the total of staff members. The number of working days per year is estimated based on the website “Working days”</p>	<p>Postcodes, registered office and office attendance.</p>	<p>UK Government Conversion Factors Business travel – Land > Car - Lower medium (Unknown) Bus - Average local bus Rail - National rail Rail - London underground</p> <p>Homeworking > Homeworking (office equipment + heating)</p>
<p>8. Upstream leased assets</p>	<p>The three offices accounted under this group is the London office (UK), Monroe and Houston offices (USA) and the Tokyo (Japan) office.</p> <p>Gas and electricity providers is outside of the reporting boundary for scope 1 and 2 emissions as we do not operationally control the supplier nor is the data submetered. Data are taken from landlord invoices.</p> <p>The Monroe office electricity is based on the total consumption of the building. As Drax’s office is one of seven floors, the KWh reported in the invoice is divided by seven.</p> <p>The Houston Texas office is calculated based on the Monroe office above. The consumption is adjusted based on the smaller square footage of the Houston office. For 2023, Houston was only rented from August onwards, therefore 5/12th of the estimated annual consumption was used.</p>	<p>MWh</p>	<p>UK Government Conversion Factors UK electricity > Electricity UK Electricity Generated</p> <p>Transmission and Distribution> T&D – UK Electricity</p> <p>EPA Emission Factors Hub Table 6 > Total Output Emissions Factors> SRMV ERCT</p> <p>USA EGrid Loss % T&D > GGL % (output / (1-loss rate%) - output)</p>

	<p>The Tokyo office is currently estimated based on the number of employees reported to be registered to the Tokyo office at the end of year. Assuming an occupancy of 60% of the time in a year in the office, the UK WFH factor is applied.</p>	FTE hours in office	UK Government Conversion Factors Homeworking > Homeworking (office equipment + heating)
9. Downstream transportation and distribution	<p>Pellets Downstream transportation from Pellet Production business to 3rd party users, mainly in Asia. Drax tracks the total tonnes of pellets sold including the port of disport of the pellets. The average distance is measured and multiplied by the distance-based emission factor from the Drax Biomass Carbon Calculator. We have included some additional land transport at the country of disport (equivalent to 190km rail). The tonnages are recorded at vessel loading (see Category 1: Upstream processing emissions of sold Drax pellets)</p>	Tonnes	Drax Biomass Carbon Calculator
	<p>Other sold products The emissions from the transport of pellets leaving Daldowie UK is the distance to its main customer, 379km away. Transport emissions of concrete (made from ash) to customers is based on the Mineral Products Association, Fact sheet 18 (2019).</p>	Tonnes	UK Government Conversion Factors Freighting goods> All HGVs> Average Laden WTT- delivery vehs & freight> All HGVs > Average Laden
	<p>SF₆ from electricity sold SF₆ emissions associated with the transmission and distribution of sold electricity through the grid. The total electricity generated, and</p>	MWh	The original calculation was completed by a 3 rd party consultancy, Route 2 and included

	<p>electricity bought for resale was calculated as a proportion of the total electricity passing through the National Grid in 2019. This proportion was then applied to the total SF₆ emissions reported by the National Grid.</p>		<p>into our baseline. Drax has not been able to update the emission factor and the assumptions used. However, it is kept for consistency and accounting as a worst case scenario.</p>
<p>10. Processing of sold products</p>	<p>Sold ash emissions are based on emissions intensities from “Mineral Products Association: Sustainable Development, Report 2020” with quantities measured by Drax for sold ash.</p> <p>For gypsum, an emissions factor for the 15mm Gyproc SoundBloc is taken. However, this factor, provided by British Gypsum, includes material supply and transport, this is therefore conservative. Furthermore, as this includes transport, to avoid double accounting no downstream transportation or distribution emissions are assigned in that category for gypsum.</p> <p>All processing is assumed to take place in the year the ash is measured for sale.</p>	<p>Tonnes</p> <p>Tonnes</p>	<p>Mineral Products Association Processing of ash sales - EN13055 Processing of ash sales - EN450</p> <p>British Gypsum 15mm Gyproc SoundBloc</p>
<p>11. Use of sold products</p>	<p>Other sold products Daldowie sells its biomass pellets to the local market. The CH₄ and N₂O from combustion are accounted into our inventory.</p> <p>Drax pellets and 3rd party pellets sold to third parties</p>	<p>Tonnes</p> <p>Tonnes</p>	<p>UK Government Conversion Factors Bioenergy > Wood pellets No emission factor is given for sludge pellets, therefore the emissions for wood pellets is used.</p> <p>Drax Biomass Carbon Calculator</p>

	<p>The CH₄ and N₂O emissions from all traded pellets (excluding Daldowie above) are accounted for using the Drax Biomass Carbon Calculator. The tonnages are recorded at vessel loading (see Category 1: Upstream processing emissions of sold Drax pellets)</p> <p>Gas and Coal The combustion emissions from gas and coal sold to end users are accounted using the UK Government emission factors. In 2023, coal was purchased and stored at Drax Power Station as part of the winter contingency service agreement with National Grid. The coal was not combusted at Drax, but resold and added to this category of scope 3.</p>	Tonnes	<p>The emissions from the calculator are specific to pellets used for electricity generation, which have a much lower release of CH₄ and N₂O.</p> <p>UK Government Conversion Factors WTT- fuels > Natural Gas Coal</p>
12. End of life treatment of sold products	This category is not applicable to Drax as the product sold is energy (coal, gas, pellets, energy). Therefore, Drax interprets the use of those products (Category 11) as the end emissions of those products.	N/A	N/A
13. Downstream leased assets	Drax excludes this category from reporting as it has been deemed immaterial after a materiality assessment.	N/A	N/A
14. Franchises	Drax Group does not operate any franchises.	N/A	N/A
15. Investments	Drax Group does not have any assets under management.	N/A	N/A

Other (upstream)	This category is not applicable to Drax.	N/A	N/A
Other (downstream)	This category is not applicable to Drax.	N/A	N/A

Out of scope

Drax reports “out of scope” emissions in ESG metrics such as CDP and has included how biogenic emissions are sourced and counted. Only direct biomass combustion is included. The CO₂ of hogfuel used to make 3rd party pellets are not included in our Out of scope emissions.

Table 5: Out of scope emissions

Out of scope emissions	Emissions data collection, calculation methodology and uncertainty	Data collection unit	Conversion factors and uncertainty
UK	Biogenic CO₂ emissions Drax Power Station records the total tonnes of pellets consumed during generation. This is recorded into its systems and multiplied by the CO ₂ release measured during sampling to meet the ETS requirements.	tCO ₂	Measured CO ₂ released from combustion by chemistry team sampling

Canada	Biogenic CO₂ emissions Drax's Canadian pellet mills use biomass in their boilers to dry feedstock. The tonnes are recorded through deliveries.	Tonnes	National inventory report Table A6.6-1 > Wood Fuel / Wood Waste
USA	Biogenic CO₂ emissions Drax's USA pellet mills use hogfuel in their boilers to dry feedstock. The tonnes are recorded through deliveries and estimates based on on-site debarking procedures.	Tonnes	EPA Emission Factors Hub Table 1 > Wood and Wood Residuals

Other relevant KPIs

- *Proportion of Group emissions in the UK*

This KPI metric is reported as the percentage (%) of Scope 1 and Scope 2 (Location-based) reported by UK sites against the total Scope 1 and 2 (location-based) for the Drax Group. All sources of emissions for GHG accounting are assigned to a site based on its physical address and therefore, by country.

- *Generation emissions per GWh of electricity generation*

The KPI is reported in tCO₂e/GWh. This KPI is also one of the SBTi targets (reported in kgCO₂e/MWh). The conversion between the two units is a 1:1 ratio (100 tCO₂e/GWh = 100 kgCO₂e/MWh). Generation sites are defined in the [organisational boundary](#).

The emissions for the KPI uses the sum of Scope 1 and 2 (location-based) from generation assets as the numerator. Emissions are calculated in kgCO₂e and converted to tCO₂e for this KPI.

Electricity generated is defined by the total electricity supplied to the grid by the generation assets. With a primary focus on the generation assets, solar PV generation placed on the roof of the offices are not included for this KPI. This would also apply to the Cruachan visitor centre and Drax Power Station on-site offices. Power output is recorded by station meters on a half hourly basis and consolidated into monthly reports. For annual reporting, the monthly reports are aggregated to report the final figure. The generation is recorded in MWh.

- *Group emissions per GWh of electricity generation*

Group emissions is defined as all scope 1 and scope 2 (location-based) emissions from all business units. The remaining methodology and process is the same as “Generation emissions per GWh of electricity generation”

- *Group emissions per £ revenue*

This KPI is reported in tCO₂e/million £ revenue.

Group emissions is defined as all scope 1 and scope 2 (location-based) emissions from all business units.

Total revenue is the “Adjusted Revenue”, which is described on page 183 of the Annual Report.

Energy

Relevant KPI: Group total energy consumption

As required by the Streamlined Energy and Carbon Reporting (SECR) requirements covered in The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, Drax reports all group energy consumption in GWh.

All fuel and electricity consumed under Scope 1 and Scope 2 are converted to energy. In most cases, the sources listed under the “Greenhouse Gas Emissions Reporting Criteria “ include a conversion to the net calorific value (NCV) / Lower Heating Value (LHV). In the instance where NCV is not available, another source may be used, or a conversion may be necessary. For example, a conversion from GCV to NCV for USA fuels is estimated based on [Engineering Toolbox](#).

There is no materiality threshold applied to the energy reporting, and in the result of a later discovery of errors or omissions a restatement will be made should that error be more than 10%.

Water

Relevant KPI: water abstraction and discharge

Water abstraction is the sum of all freshwater drawn from rivers or lakes and rainfall for the use of electricity generation in the Drax Group in the UK. The reported the water utilised by Drax Group is returned back to the environment, either as vapour (not measured) or safely discharged back to the environment. In effect, it is a huge amount of water recycling and in environmental terms, it is not a consumptive process. Water KPIs are reported in m³ over the course of the reporting period.

- At Drax Power Station, water abstraction originates from two boreholes and the river Ouse. Ultrasonic meters record the level of water and stores the data within the PI system on a continuous basis. This allows for the total volume of water abstracted to be aggregated over a year.
- At Cruachan Pumped Hydro facility, the Cruachan reservoir dam level and Loch Awe level are monitored and recorded electronically using the station data recording system. In addition to

recording the level electronically, the unit operator record the dam level every 3 hours on the station log sheet. By monitoring the dam level, a measurement for the water inflow from the 3 aqueducts can be calculated.

At full-load generating, the average discharge flow per machine is $32.8\text{m}^3\text{s}^{-1}$. This is used to calculate the total water abstracted from Cruachan reservoir into Loch Awe. The flow also varies depending on the unit load.

The discharge flow back up the hill from the units as full-load pumps is essentially fixed by the fixed guide vane position and can only vary as the head being pumped against varies. The higher the dam level, the harder it is pump against so the machines pump discharge flow reduces as the dam level goes up. The average flow per machine during pumping is $30.8\text{m}^3\text{s}^{-1}$. This is used to calculate the total water abstracted from Loch Awe into Cruachan reservoir.

By measuring aqueduct inflow, the dam and loch levels and the running hours and loads of the units, the quantities of the water flows can be calculated. This method is agreed with the local regulators “Scottish Environmental Protection Agency”. All the above data is recorded electronically on a daily and weekly basis and collated monthly. The KPIs aggregate all the monthly data together.

- At the Lanark and Galloway stations, abstraction is defined and agreed with the local regulators “Scottish Environmental Protection Agency”. The total “Flow” is calculated at all sites using the measured net head, power generated and turbine efficiency; where

Power = Flow x Net Head x Gravity x Efficiency.

Power output is recorded by station meters and SCADA systems. The Net Head is measured based on the ultrasonic probe equipment. Gravity is a constant and an efficiency factor of 95% for Lanark and Galloway. These figures are then used to calculate the flow and therefore the total daily abstraction in cubic meters/day.

Drax Group has been focused on the water consumption at these generation sites as they are the most material sources of water use. For the current reporting years, water usage in other facilities is excluded from the metrics until the data is available.

Health and Safety

Drax has a requirement to report HSE incidents, near misses and hazard identifications that occur across all business units and functions in the SAI 360 reporting system. Our aim is to provide HSE performance reporting data that is accurate and thorough and not materially misstated.

The Drax Group HSE team has the responsibility for collating data and reporting performance against KPI targets on the total number of recordable injuries, near misses and hazards entered into the SAI 360 reporting system: both monthly and as part of the half yearly and year end reporting process. Data is collected in the form of raw numbers, collated in an Excel spreadsheet, and converted into rates using a PowerBi dashboard.

Relevant KPI: Total Recordable Incident Rate

Recordable injuries are classified in line with the Occupational Health and Safety Administration (OSHA) definition, of any work-related fatality, injury or illness that results in loss of consciousness, days away from work, restricted work, transfer to another job or requiring medical treatment beyond first aid. The TRIR rate comprises of the total number of recordable injuries reported per every 100,000 hours worked.

Contractor hours are calculated by each business area who send them to Group HSE for collation. We use a range of methods to track the hours, for example 'clock-in clock-out' system that uses a system generated report and invoices are also used. In the absence of a contract providing a breakdown of hours, a standard time is applied per activity based on the understanding and estimation of an activity.

The TRIR reporting period includes the data collected over a calendar year and is therefore calculated between the 1st January and 31st December. Recordable injuries include those sustained by Drax employees, contractors or others as impacted by Drax activities. Hours worked are calculated on availability to work a standard working shift for employees and all hours worked for contractors, which does not include overtime, sick pay and holiday hours.

SAI360 is the Health, Safety and Environment Management system, used by Drax to record health and safety events that are used in performance reporting. Drax business units and functions are both responsible and accountable for the correct entry of health and safety events in the SAI360 system, which includes selection of the correct event type and/or classification. Drax business units and functions are also accountable and responsible for the submission of contractor hours worked data to Group HSE. The HR/People function is accountable and responsible for providing employee hours worked data to Group HSE.

Relevant KPI: Group Near Miss and Hazards Identification Rate

The NMHI rate comprises of the total number of near misses and hazard identifications reported per every 100,000 hours worked. A near miss is defined as an event that did not result in harm but had the potential to do so (i.e. where something did occur but there was no injury, illness, damage, or environmental impact caused). A hazard is defined as an act or condition with the potential to cause harm to people, the environment, or assets (i.e. something could have occurred).

The NMHI reporting period includes the data collected over a calendar year and is therefore calculated between the 1st January and 31st December. Near misses and hazards include those that have occurred at a Drax owned site or Drax managed activity. Hours worked are calculated on availability to work a standard working shift for employees and all hours worked for contractors, which does not include overtime, sick pay and holiday hours.

Contractor hours are calculated by each business area who send them to Group HSE for collation. We use a range of methods to track the hours, for example 'clock-in clock-out' system that uses a system generated report and invoices are also used. In the absence of a contract providing a breakdown of hours, a standard time is applied per activity based on the understanding and estimation of an activity.

SAI360 is the Health, Safety and Environment Management system, used by Drax to record HSE events that are used in performance reporting. Drax business units and functions are both responsible and accountable for the correct entry of HSE events in the SAI360 system, which includes selection of the correct event type and/or classification. Drax business units and functions are also accountable and responsible for the submission of contractor hours worked data to Group HSE. The HR/People function is accountable and responsible for providing employee hours worked data to Group HSE.

Headcount

Relevant KPI: Total Group employees

Employee headcount data is based on the number of full and part time permanent employees employed by the Group on 31 December of the reporting year and does not include contractors.

HR Data is stored in an HR Management System per country that Drax operated in. For the Total Group Headcount, employee data is extracted from the HR Management System showing as the total number of full and part time employees currently employed by Drax and that their contract does not finish before the 31st of December for the reporting year. A representative for each Country in which Drax operates in collects the data for their region which is then shared with the HR Data and Governance Lead for Group collation.