



# LRQA Independent Assurance Statement

## Relating to the Drax Group Plc Environmental and Social Governance data for the period January 1, 2021 to December 31, 2021.

This Assurance Statement has been prepared for Drax Corporate Ltd (hereafter referred to as 'Drax' in accordance with our contract.

### Terms of Engagement

LRQA was commissioned by Drax to provide independent assurance on selected Environmental and Social Governance data (hereafter referred to as 'Selected Information'), for the period January 1 2021 to December 31 2021, against the assurance criteria below to a limited level of assurance and at a materiality of the professional judgement of the verifier using LRQA's verification procedure. LRQA's verification procedure is based on current best practice, is in accordance with ISAE 3000 and ISAE 3410.

Our assurance engagement with Drax covered the following requirements:

- Verifying conformance with:
  - Environmental and Social Governance (ESG) Databook. Drax Group Procedure.
  - World Resources Institute / World Business Council for Sustainable Development Greenhouse Gas Protocol: A corporate accounting and reporting standard, revised edition (otherwise referred to as the WRI/WBCSD Protocol) for the GHG data<sup>1</sup>
- Evaluating the accuracy and reliability of data and information for only the selected indicators listed below:
  - Group Greenhouse Gas (GHG) emissions (Scope 1 and 2);
  - Group GHG emissions (Scope 3);
  - Water abstraction and discharge;
  - Employment data on headcount;
  - Group energy consumption;
  - Percentage of emissions in the UK;
  - Group generation emissions intensity; and
  - Group emissions intensity.

Our assurance engagement excluded the data and information of Drax's suppliers, contractors and any third-parties mentioned in the report.

LRQA's responsibility is only to Drax. LRQA disclaims any liability or responsibility to others as explained in the end footnote. Drax's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of Drax.

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<sup>1</sup> <http://www.ghgprotocol.org/>



### **LRQA's Opinion**

Based on LRQA's approach, except for the effect of the matters described in the Basis for Qualified Opinion, nothing has come to our attention that would cause us to believe that Drax has not, in all material respects:

- Met the requirements of the criteria listed above; and
- Disclosed accurate and reliable performance data and information in the Selected Information.

The opinion expressed is formed on the basis of a limited level of assurance<sup>2</sup> and at the materiality of the professional judgement of the verifier.

### **Basis for Qualified Opinion**

- LRQA did not verify any graphical representation of the selected data.
- The Scope 3 GHG emissions exclude Category 13 Downstream leased assets.
- The Scope 3 GHG emissions have been quantified using software models. These have not been verified by LRQA. In addition, no evidence was presented to otherwise verify their reliability.
- The Basis of Reporting (Appendix 1 of the Environmental and Social Governance (ESG) Databook (Drax Group Procedure) is available on the webpage: [www.drax.com/sustainability](http://www.drax.com/sustainability).
- Drax Group Plc utilise a rolling base year for the GHG emissions inventory, as described in the Basis of Reporting.
- The GHG emissions have been calculated using, where practicable, the Global Warming Potential factors from the Intergovernmental Panel on Climate Change (IPCC) Fourth Assessment Report.
- The Drax Biomass Calculator V2.0 that is used to calculate the GHG intensity of wood pellets has been verified to reasonable assurance during a separate assurance engagement. This was not undertaken by LRQA.
- Drax Power Station has been verified to limited assurance as follows. This was not undertaken by LRQA. The scope of the verification engagement covered sustainability data reported in Section 5 (Part A - Monthly Biomass Usage Statement) and Section 6 (Annual Biomass Statement for the Facility for the period 1 April 2020 to 31 March 2021) of the 'Drax Power Station 3<sup>rd</sup> Conversion Unit (Unit #1), SC Annual Compliance Report and SC Audit Report, 1 April 2020 to 31 March 2021', Prepared for: Low Carbon Contracts Company Limited, Date: 14 June 2021
- Drax Power Station has been verified to limited assurance as follows. This was not undertaken by LRQA. The scope of the verification engagement covered sustainability data reported in Sections 4 (Part A - Monthly Biomass Usage Statement) and Section 5 (Annual Biomass Statement for the Facility for the period 1 April 2020 to 31 March 2021) of the 'Drax Power Station (RB) - A,C,E Sustainability Audit Report, 1 April 2020 to 31 March 2021, Prepared for: Ofgem, Date: 14 June 2021.

### **LRQA's Approach**

LRQA's assurance engagements are carried out in accordance with our verification procedure and with the International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information (effective for assurance reports dated on or after December 15, 2015), issued by the International Auditing and Assurance Standards Board (December 2013).

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<sup>2</sup> The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.



The following tasks were undertaken as part of the evidence gathering process for this assurance engagement:

- Review of the evidence pack;
- Conducted virtual interviews with relevant personnel of Drax;
- Review of the data collection and consolidation processes used to compile the Selected Information, including assessing assumptions made, the data scope and reporting boundaries;
- Reviewed a sample of the Selected Information against the corresponding source documentation provided by Drax; and
- Performed a selection of aggregation calculations of the Selected Information.

### Observations

Further observations and findings, made during the assurance engagement, are:

- The company should continue to make every effort to improve the accuracy of submitted data to the workbook. Assumptions have been made appropriately but actual data would be an improvement.
- The company should continue to develop the calculations in a way that allows factors and conversions to be applied in a clear and transparent manner.
- The company has implemented a system to indicate confidence levels with data (a RAG indicator). This will help to demonstrate improved confidence with the more detailed datasets. It would be beneficial to complete periodic reviews of the ESG reporting process, to consider its effectiveness and where opportunities for improvement could be.

### LRQA's Standards, Competence and Independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 *Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition* and ISO/IEC 17021 *Conformity assessment – Requirements for bodies providing audit and certification of management systems* that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

LRQA is:

- Drax's certification body for ISO14001 and OHSAS18001;
- Drax Generation Enterprise Limited's certification body for ISO 45001; and
- Drax Power Station installation's UK ETS verification body.

The verification and certification assessments are the only work undertaken by LRQA for Drax and as such does not compromise our independence or impartiality.

Graeme Clayton  
LRQA Lead Verifier  
On behalf of LRQA Ltd  
1 Trinity Park, Bickenhill Lane, Birmingham, UK.  
LRQA reference: LRQ00003798

Dated: 11 February 2022

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