Appendix A: Selection Criteria

DRAX GROUP PROCEDURE

Environment, Social and Governance (ESG) Databook

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Introduction and scope

ESG data is used for several purposes. The quality of the data and the confidence held in that data is of critical importance to the functioning of Drax Group. Data within 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 indices;
- 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.

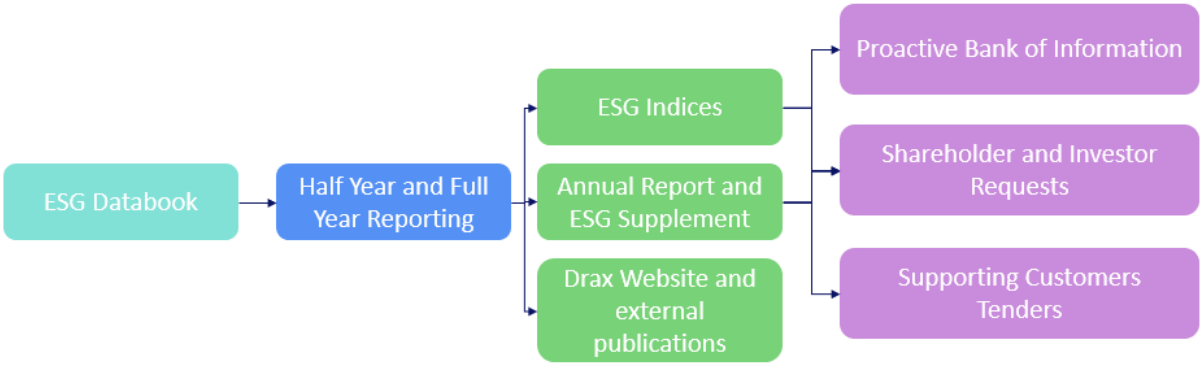


Figure 1- Drax ESG Data Flow

The ARA provides a comprehensive summary of Drax's ESG performance and initiatives, drawing data from the ESG Databook. It serves as a source of information for responding to shareholder and investor requests around 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 collect 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 company-wide 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 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 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 Sustainability Officer. Since FY2024 the above process takes place predominately within Microsoft Sustainability Manager (described in more detail below).

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***.

Figure 3 - ESG Data captured in Drax ESG Databook

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

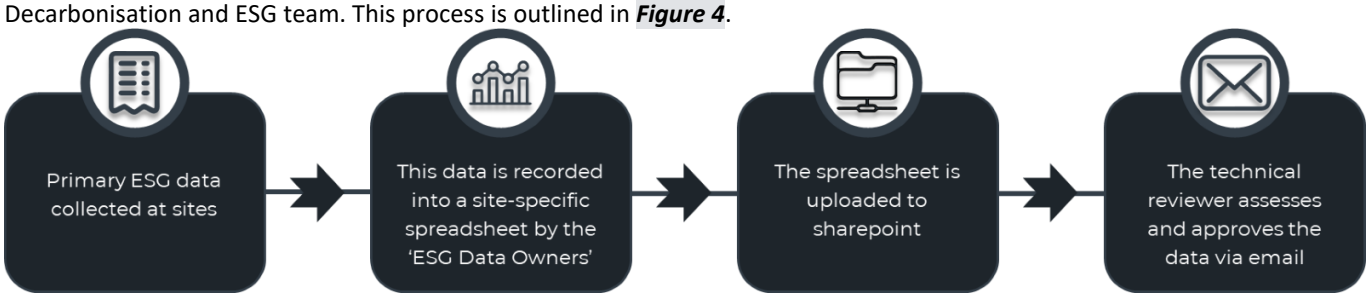
The **Governance** data is collected through:

- OneDrax; and
- Business Ethics team on SharePoint.

For the environmental data, there are two processes for the data collection, one automated and another manual. The automatic process is implemented through our data science team, whereby the 'ESG Data Owners' have signed off on the logic and verification during the implementation of the automation process. Processes which are not automatically tracked are recorded in site-specific spreadsheets by 'ESG Data Owners' and uploaded to Sharepoint through the Databook's 'ESG Data Phase 1' tab and provide supporting evidence. Similarly, technical reviewers assess and approve the data. The data is compiled annually and uploaded onto SharePoint for the respective year's 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

Drax has implemented a carbon accounting software supported by Microsoft Sustainability Manager (MSM), which ingests the automated data. The software allows Drax to track Scope 1, 2 and 3 emissions more regularly throughout the year enabling progress to be reported during half year progress reports. The MSM system will use available data for each metric based on meter readings, invoices and reports.

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***.



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 ARA.

Company/Business Unit	Description
Generation	Drax's generation portfolio provides dispatchable, renewable power and system support services to the electricity grid. Our generation business also uses pellets sourced from our pellet production facilities with additional pellets sourced from around the globe. The generation sites includes: • 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).
Pellet making	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 operational control of Drax Group. In addition, the ports of Baton Rouge, USA and Westview Terminals, Canada are included. Our pellet mill in Longview, Washington is still currently in construction.

Customers	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. • Drax Energy Solutions Limited • Opus Energy Group Limited In September 2024, the majority of Opus Energy customers have been sold to EDF Energy. The remaining Opus Energy customers book are in a state of rundown.
Non-Generation	All emission sources that are not classified as Generation are included. This includes “Pellet making” and “Customers” in the sections above above; Elimini (currently represented as the Houston office), BMM Energy Solutions Limited, Daldowie Fuel Plant and other supporting offices (Tokyo, London, Glasgow, Prince George, Vancouver and Monroe).
Exclusions	There are currently no exclusions known.

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 CO_2 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 (CO_2e). However, some databases (such as the National inventory report and EPA Emission Factors Hub) report emissions non-CO_2 GHGs (CH_4, N_2O, SF_6, PFCs, HFCs, NF_3) without converting to CO_2e. In those instances, Drax will use the AR5 published IPCC global warming potentials for a 100-year period without climate carbon feedback and not include indirect impacts from water vapour, NOx, 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 errors exceed to more than 5% in any of our SBTi targets Scope 1, 2 or Scope 3, then a restatement will be made for the affected reporting year in the next reporting cycle. 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 CO_2 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 has newly implemented a carbon accounting software supported by Microsoft Sustainability Manager (MSM). The software allows Drax to track Scope 1,2 and 3 emissions more regularly throughout the year and enable to progress to be reported during half year progress reports. The MSM system will use available data for each metric based on meter readings, invoices and reports for reporting. However, not all data is available in real time. For example, some electricity and gas invoices in the USA are only made available during invoicing several weeks or months later; at which point the data will be automatically ingested into MSM. In the meantime, Drax's programming of MSM allows it to "fill the gap", using the average of year to date values to project to the end of the current reporting period. eg: To report Jan-Dec 2024 data during January 2025, the electricity usage of our pellet mill in Amite USA only has the data for Jan-November 2024; MSM will use the average monthly usage from January 2024 to November 2024, and apply the average to December 2024. Whilst the vast majority of data points are now automated within MSM, there is still a requirement for additional manual data to be sourced separately, where an automated source cannot be located.

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 N_2O and CH_4 emissions from the stack.

Table 1: Scope 1 emission sources

Sources of Scope 1 emissions	Emissions data collection, calculation methodology and uncertainty	Data collection unit	Conversion factors and uncertainty
UK	**UKETS CO_2 sources (Drax Power Station)** Heavy Fuel Oil, Pulverised fuel ash, Light fuel oil, Liquified Petroleum Gases, Natural gas, Biogenic CO_2 emissions. Emissions subject to an Emissions Trading Scheme (ETS) are required to demonstrate quantitative uncertainty within a tight error band (major fuels to +-/1.5%). All fuel usage is recorded using calibrated meters to meet the standards. **Other (non UKETS) sources** Petrol (Average biofuel blend), Diesel (Average biofuel blend), Petrol, Fuel Oil, Biomass wood pellet (CO_2 reported out of scope), SF_6 leakage from switch gear. Natural gas usage at Drax's Cruachan Pumped Hydro facility are manually submitted to the gas provider and then invoiced. The final consumption is based on the invoiced totals.	Tonnes, KWh Tonnes, Litres, Miles	**Drax Data (CO_2)>** Pulverised fuel ash Natural Gas Heavy Fuel Oil Biogenic CO_2 emissions UK Government conversion factors **Fuels >** LPG Gas oil UK Government conversion factors **Fuels >** LPG Diesel (average biofuel blend) Propane Natural gas Fuel Oil Petrol (Average Biofuel blend) **Bioenergy>** Biomass wood pellets **Business Travel >** Car Average car – Diesel **JEP Pollution Inventory Methodology>**

			N_2O (biomass/biomass FGD) CH_4 and N_2O calculations for Drax Power Station are more representative to an operational power plant compared to domestic combustion. **Refrigerant & other>** Sulphur hexafluoride (SF_6) R410A
Canada	Diesel (Light fuel oil), Natural gas, Motor Gasoline and Propane consumption are invoiced by each supplier and aggregated into a excel database for reporting. 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. The Prince George office natural gas 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 natural gas consumption is estimated to be equally higher.	Litres, GJ	National inventory report EN_Annex6_Emission_Factors_Tables.xlsx **Table A6.1-1>** Natural gas (Canada – Marketable) Biomass – woodchips **Table A6.1-3>** Natural gas (Canada – industrial) **Table A6.1-4>** Propane (all other uses) **Table A6.1-5>** Light Fuel Oil (industrial) Motor Gasoline **Table A6.1-14>** Gasoline Vehicles (LDGV tier 2) Diesel Vehicles (LDDVs) **Table A6.6-4>** Light Fuel Oil (industrial)

	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.	Tonnes	National inventory report Gas oil grades or types for marine fuels are assumed to be the same across all vessels and journeys. EN_Annex6_Emission_Factors_Tables.xlsx **Table A6.1-14>** Light Fuel Oil (Marine) Heavy Fuel Oil (Marine)
USA	Diesel, Natural gas, Motor Gasoline and Propane consumption are invoiced by each supplier and aggregated into a excel database for reporting. 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.	Litres, m^3 (gas) Tonnes	EPA Emission Factors Hub Diesel (Distillate Fuel Oil No. 2) Natural Gas Motor Gasoline Propane Wood and Wood Residuals

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	All electricity consumption in the UK is metered and collected to an excel sheet for reporting. **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. 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 GB Grid. **Market-based:** 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 CO_2 emissions for	MWh	UK Government conversion factors **UK electricity > Electricity UK** Electricity Generated 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.

	the UK. However this only applies to CO_2 emissions, not non-CO_2. Regarding non-CO_2 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 CO_2 is considered neutral and CH_4 and N_2O emissions could be reported. Therefore, we have decided to use the N_2O and CH_4 equivalent from the UK "Electricity generated" values for all imported electricity, whether it is supported by REGOs or not. For electricity supported by a REGO, the CO_2 will be reported as zero, as per the fuel mix disclosure / DUKES table 5.14 for "renewables". If all REGOs are from a portfolio of wind/solar/hydro only, then CH_4 and N_2O 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		AIB Residual Mixes **UK Market Residual:** $CO_2/kgCO_2e$: Table 1 > GB > CO_2 UK Government conversion factors **UK Market Residual:** ___ $CH_4/kgCO_2e$, $N_2O/kgCO_2e$ UK Government conversion factors **UK electricity >** Electricity UK ($kgCH_4$, kgN_2O)

	charge/discharge cycles for a given accounting period, not the gross energy to charge the system in the scope 2 inventory. **Drax Power Station** 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.		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
Canada	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	MWh	National inventory report - EN_Annex13_Electricity_Intensity.xlsx

	not able to choose electricity providers, therefore the market-based approach is the same as the location-based calculation. 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 electricity consumption is estimated to be equally higher.		**British Columbia:** Table A13-11 **Alberta:** Table A13-10
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. As of FY2024 onwards Drax reports this category within its scope 3 footprint.

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

Table 4: Scope 3 emission sources

Category of Scope 3 emissions	Emissions data collection, calculation methodology and uncertainty	Data collection unit	Conversion factors and uncertainty
1. Purchased goods and services	**Opex:** Operational Opex is used to estimate the emissions from purchased goods and services that do not have a carbon lifecycle analysis available. Opex is measured and captured by Drax's Financial Management Platform. The total Opex spend (excluding bad debt) is collected by business area: Generation, Pellet Production, Customers and Central. The spend is available is various other breakdowns, however they are not currently used due to the limitations with the carbon conversion metrics.	£	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 2024, 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.
	Upstream emissions of sold gas Gas sold is recorded based on initial allocations and adjusted at the point of sale based on metered consumption. The upstream emissions for sold gas are calculated using the UK Government Well-to-tank ("WTT") factors. Since Drax is acting as a trader, that value includes a portion of the transport of the "downstream transportation and distribution".	KWh	UK Government Conversion Factors **WTT – fuels>** Natural gas
	Upstream processing emissions of sold Drax pellets 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.	Tonnes	Drax Biomass Carbon Calculator

	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.	Tonnes	Drax Biomass Carbon Calculator In the absence of emissions data, the average of Canadian biomass producer's GHG profile will be used.
2. Capital goods	**Capex cost** 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 is various other breakdowns, however they are not currently used due to the limitations with the carbon conversion metrics.	£	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 2024, 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.
3. Fuel-and-energy-related activities (not included in Scope 1 or 2)	**Biomass to Drax Power Station:** Drax measures its biomass supply chain emissions based on the amount of known biomass transported in each step of the supply chain. For Drax produced pellets, the total distance and tonnes of feedstock delivered to a pellet mill is recorded and converted to a CO_2 equivalent total for its upstream emissions. The tonnes of pellets delivered to the maritime port is tracked and proportionally allocated based on the annual percentage between pellets sold for Drax power station in the UK and traded to other customers. For 3rd party pellets (non-Drax produced pellets), the GHG emissions from forest to Drax supply chain are calculated using the Drax Biomass Carbon Calculator aligned to Ofgem reporting requirements based on the bill of lading of pellets. This includes emissions from processing, feedstock transport, pelleting, pellet transport (Rail, shipping or trucks).	Tonnes, km	Drax Biomass Carbon Calculator The GHG Protocol calculate the scope 3 emissions from cradle-to-gate (even for waste or co-products). However, Drax reports biomass supply chain emissions following the REDII methodology for environmental reporting for UK subsidy. The methodology states that for residues, the accounting only starts from the point at which the residues become available for use. Therefore the Drax biomass carbon calculator does not consider processing/sawmill residues' emissions at the forest level, or transport from forest to sawmill as part of the inclusion boundary. Only emissions the

	Once arrived in the UK, the last part of the pellet transportation in the UK to bring pellets from the UK ports to Drax Power Station are weighed and recorded for each delivery and measured through Drax's "First in First out" (FIFO) model. This is an agreed and validated method with the regulators which assigns which shipments (and therefore, which biomass producer's pellets) are consumed each month. For the annual report, the December data from the FIFO model is provisional as the official Ofgem/LCCC submissions are completed one month later. The total tonnes quantity consumed in the provisional report are over 95% accurate, but will differ slightly in the interpretation of the origin of the pellets. For the official submission to the regulators, this is corrected. For annual carbon emissions reported under ESG, the impact is considered not material. "Fuel in use" is removed from the calculation as this is already accounted for in Scope 1 emissions as the CH_4 and N_2O release from combustion. **Well-to-tank ("WTT") emissions from fuels used in Scope 1** Quantity of fuels are measured or calculated under Scope 1, a well-to-tank (WTT) emission factor is added to all fuels. The primary source used is the WTT figures published in the UK Government emission 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 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. **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	Tonnes Litres Miles MWh	emissions from the transportation of sawmill residues to pellet plant onwards. UK Government Conversion Factors **WTT – fuels** > Natural gas Gas oil Petrol (average biofuel blend) LPG Diesel (average biofuel blend) Fuel oil **WTT- pass vehs & travel- land** > Cars - Average car - Diesel fuel UK Government Conversion Factors **Transmission and distribution>** T&D- UK electricity USA EGrid Loss %

	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. **Sold electricity from other generators (PPAs)** This category includes electricity power sales from generators. Drax Energy Solutions (DES) provide the fuel mix disclosure of its PPA contracts and the breakdown of the generation type: • Renewable: Generators produce electricity through solar, wind and hydro. We apply the CO_2 emission factors from the UK Fuel mix disclosure / (DUKES table 5.14). • Bioenergy: Including Anaerobic digestion and biomass combustion. CO_2 emissions are zero rated. However, energy from biomass may have non-CO_2 emissions. Anaerobic digestion would have CH_4 release but no N_2O; biomass combustion has CH_4 and N_2O emissions. Therefore, we have decided to use the N_2O and CH_4 equivalent from the UK "Electricity generated" values for the whole portfolio of sold electricity, similar to our Scope 2 methodology. • Other (gas): Remaining contracts are a mixture of CHP (gas) and renewables. However, in the absence of further data visible to the carbon accounting team, the total generation is considered as conventional gas generation. The T&D losses are also applied using the T&D losses found in the UK Government conversion factors methodology (Table 7). **Time-chartered ships** Drax currently have a few time-chartered vessels delivering pellets from Canada to Asia. The fuel usage is included in the Scope 1 emissions and included in the	MWh	**T&D >** GGL % (output / (1-loss rate%) - output) National inventory report - **EN_Annex13_Electricity_Intensity.xlsx** British Columbia: Table A13-11 Alberta: Table A13-10 T&D = Consumption intensity – Generation intensity UK Fuel mix disclosure **3. Environmental impact> Renewables** Regarding non-CO_2 emissions, Drax has not been able to identify an authoritative and reliable source to use for each generation type. UK Government conversion factors **UK electricity >** Electricity UK ($kgCH_4$, kgN_2O) DUKES **Table 5.14>** Gas UK Government Conversion Factors **Transmission and distribution>** T&D- UK electricity UK Government Conversion Factors

	operational boundary. Therefore, the 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.	Tonnes	**WTT- fuels> Liquid Fuels>** Marine Fuel Oil 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.
4. Upstream transportation and distribution	**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) **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.	Tonnes N/A	Drax Biomass Carbon Calculator
5. Waste generated in operations	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. 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. 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.	Tonnes	UK Government Conversion Factors **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) 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)

			Metal (Closed Loop) Paper (Closed loop) Other> Glass (Closed-loop) Other> Clothing (Landfill) Electrical items> WEE (Closed-loop) Plastics> AVG plastic (Closed-loop) **Water Treatment >** Water Treatment> Million Litres
6. Business travel	Drax uses a 3rd party software (CTM) to book business travel for UK colleagues. The report provides an annual report with a calculated tCO_2e 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. 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. 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.	$kgCO_2e$ Miles	**CTM travel report >** CO_2E 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**. **Business travel – Land >** Average car - Diesel fuel

7. Employee commuting	**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. 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"	Postcodes, registered office and office attendance.	UK Government Conversion Factors **Business travel – Land >** Car - Lower medium (Unknown) Bus - Average local bus Rail - National rail Rail - London underground **Homeworking >** Homeworking (office equipment + heating)
8. Upstream leased assets	The three offices accounted under this group is the London office (UK), Monroe and Houston offices (USA) and the Tokyo (Japan) office. 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. 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. 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. 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.	MWh FTE hours in office	UK Government Conversion Factors **UK electricity > Electricity UK** Electricity Generated **Transmission and Distribution>** T&D – UK Electricity EPA Emission Factors Hub **Table 6 > Total Output Emissions Factors>** SRMV ERCT USA EGrid Loss % **T&D >** GGL % (output / (1-loss rate%) - output) UK Government Conversion Factors **Homeworking >** Homeworking (office equipment + heating)
9. Downstream transportatio	**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	Tonnes	Drax Biomass Carbon Calculator

n and distribution	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) **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). **SF_6 from electricity sold** SF_6 emissions associated with the transmission and distribution of sold electricity through the grid. The total electricity generated, and 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 SF_6 emissions reported by the National Grid.	Tonnes MWh	UK Government Conversion Factors **Freighting goods>** All HGVs> Average Laden **WTT- delivery vehs & freight>** All HGVs > Average Laden The original calculation was completed by a 3rd party consultancy, Route 2 and included 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.
10. Processing of sold products	Sold ash emissions are be based on emissions intensities from "Mineral Products Association: Sustainable Development, Report 2020" with quantities measured by Drax for sold ash. All processing is assumed to take place in the year the ash is measured for sale.	Tonnes	Mineral Products Association Processing of ash sales - EN13055 Processing of ash sales - EN450

11. Use of sold products	**Other sold products** Daldowie sells its biomass pellets to the local market. The CH_4 and N_2O from combustion are accounted into our inventory.	Tonnes	UK Government Conversion Factors **Bioenergy >** Wood pellets No emission factor is given for sludge pellets, therefore the emissions for wood pellets is used.
	Drax pellets and 3rd party pellets sold to third parties The CH_4 and N_2O 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)	Tonnes	Drax Biomass Carbon Calculator The emissions from the calculator are specific to pellets used for electricity generation, which have a much lower release of CH_4 and N_2O.
	Gas The combustion emissions from gas sold to end users are accounted using the UK Government emission factors	Tonnes	UK Government Conversion Factors **WTT- fuels >** Natural Gas
12. End of life treatment of sold products	This category is not applicable to Drax as the product sold is energy (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	**Golf course emissions** Drax leases some land for the Drax Golf Club which uses electricity for its facilities and activities linked with mowing, irrigation, insecticides, herbicides, fungicides, fertiliser, aeration. Drax previously excluded this category from reporting as it has been deemed immaterial. They have now been added to a more complete GHG inventory following the GHG protocol.	Hectares	Science direct All components (playing and non-playing zones), Parkland emissions
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 CO_2 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 CO_2 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 CO_2 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 CO_2 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 tCO_2e/GWh. This KPI is also one of the SBTi targets (reported in $kgCO_2e$/MWh). The conversion between the two units is a 1:1 ratio (100 tCO_2e/GWh = 100 $kgCO_2e$/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 $kgCO_2e$ and converted to tCO_2e 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”.

Biomass

Relevant KPI: Total volume of fibre consumed at Drax Power Station

This is the total tonnage of all the burnt biomass reported to OFGEM (Units 2-4) and to LCCC (Unit 1) within the calendar year.

Relevant KPI: Proportion of woody biomass consumed at Drax Power Station with SBP Compliance claim

This is the ratio of all the burnt biomass received with the SBP compliant claim to the total burnt tonnage reported to OFGEM (Units 2-4) and to LCCC (Unit 1) within the calendar year.

Relevant KPI: Average biomass supply chain GHG emissions

This is the weighted average of all GHG emissions for all the burnt biomass reported to OFGEM (Units 2-4) and to LCCC (Unit 1) within the calendar year.

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).

UK and Canadian NCV are taken from the UK Government factors of the reporting year. In the instance where NCV is not available, another source may be used, or a conversion may be necessary. For example, USA fuels conversions from HHV / (GCV) to NCV are estimated based on Engineering Toolbox methodology and DEFRA factors.

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 fresh water drawn from rivers or lakes, and rainfall for the use of electricity generation by Drax Group in the UK. The reported the water utilised by Drax Group is returned to the environment, either as vapour (not measured) or safely discharged back to the environment. Water KPIs are reported in m^3 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 Storage 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 records 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 32.8m^3s^{-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 flows 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 30.8m^3s^{-1}. This is used to calculate the total water abstracted from Loch Awe into Cruachan reservoir.

By measuring aqueduct inflow, the dam, loch levels, the running hours, loads of the units, and the quantities of the water flow 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 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 Injury 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 and sent 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 as well as invoices. 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 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 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.

It's essential that hazardous acts and conditions are reported so that findings can be used to prevent those acts and conditions from being repeated or escalating to a more severe outcome. As such, hazard reporting is encouraged across the business and integrated into the Drax safety culture. As hazards can be seen and reported by all Drax colleagues, it accepted that there exists the potential for the same or similar hazards to be reported by more than one person at different times.

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 as well as invoices. 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.