Drax Group plc

Climate Transition Plan

April 2025

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Table of contents

Important Notice and Disclaimer

Important notice and disclaimer

This document has been prepared to provide external stakeholders with detailed information regarding our Climate Transition Plan ('CTP'), including our 2030 Sustainability Framework and the plan we have developed to achieve our SBTi Near Term targets and Net Zero Target. This document has not been prepared as financial or investment advice or to provide any guidance in relation to our future performance. It should be read as a whole, and in conjunction with our periodic reporting and other announcements (including, without limitation, regulatory announcements made in connection with our listing on the London Stock Exchange). Drax Group PLC operates in a dynamic and uncertain market and external environment. Our plans and strategies can and must adapt in response to dynamic market conditions, changes in our business due to material acquisitions or disposals, joint venture decisions, new opportunities that might arise or other changing circumstances.

Cautionary statement

This document may contain certain statements, statistics, projections, expectations (including expectations related to targets, goals or objectives such as emissions targets) and other information that are, or may be, "forward-looking statements". Forward-looking statements often do not solely relate to historical or current facts, and may contain words such as 'aims', 'believes', 'expects', 'intends', 'likely', 'plans', 'seeks', and words of similar meaning.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that may occur in the future. Therefore, the accuracy and completeness of all such statements, including statements regarding the future emissions levels, strategy, projected costs, plans, beliefs, targets and objectives for the management of future operations of Drax Group plc ("Drax") and its subsidiaries (the "Group"), are not warranted or guaranteed. Although Drax believes that the statements, expectations, statistics, targets, projections and other information reflected in such statements are reasonable, they reflect Drax's current view and no assurance can be given that they will prove to be correct or achievable. Information contained in this document, including commitments, goals, targets and objectives, and their related frameworks, methodologies or approaches, are subject to change without notice.

Actual results and outcomes may differ materially from those expressed, implied or projected by the forward-looking statements in this document. There are a number of factors, many of which are beyond the control of Drax, which could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These include (but are not limited to) the risks and dependencies set out in more detail in Section 8 of this document.

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Metrics, projections, forecasts and other forward-looking statements relating to climate change should be treated with special caution given their dependence on scientific methods which are evolving constantly and at pace. In particular, certain forward-looking statements or climate metrics referenced in this communication are based on assumptions, standards, metrics, methodologies and frameworks for measurement, reporting and analysis of climate change, each of which continues to evolve.

The scientific methods for calculating, measuring, verifying and certifying climate-related metrics, including emissions levels, interact with both industry and market practice, as well as regulatory requirements. These vary across jurisdictions and regulatory bodies and are constantly subject to change. Any such changes may have a material impact on our future measurement and reporting, as well as the accuracy and validity of the data, set forth in this transition plan.

Emissions

Due to the inherent uncertainty and limitations in measuring greenhouse gas (GHG) emissions and operational energy consumption under the calculation methodologies used in the preparation of such data, there is a wide range of generally accepted frameworks for calculating GHG emissions, with a lack of standardisation or comparability across frameworks. Consequently, all CO2e emissions and operational energy consumption data or volume references (including, without limitation, ratios and/or percentages) in this document should be considered to be best estimates which may be based on a mix of measured, reported, or high-level industry and sector proxy data of varying qualities. Much of this data may not be standardised or verifiable, which means that the emissions data derived from them may not be wholly accurate or comparable.

There may also be differences in the manner that third parties calculate or report such data compared to the Group, which means that third-party data may not be comparable to the Group's data. Our CO2e emissions reporting of our industrial assets generally follows the GHG Protocol's Corporate Accounting and Reporting Standard, the Scope 2 Guidance, the Corporate Value Chain (Scope 3) Accounting & Reporting Standard and Technical Guidance for Calculating Scope 3 Emissions, and the ICMM Scope 3 Emissions Accounting and Reporting Guidance, each of which has its own advantages and limitations as compared to other accounting methodologies. For detailed information on how we calculate our emissions and operational energy consumption data, see the Carbon Emissions Reporting section in our latest Annual Report and our latest Basis of Reporting, which can be found on our website.

Note on 'our emissions'

References to 'Drax Group PLC's emissions', 'our emissions' or 'industrial emissions' mean CO2e emissions from our industrial assets and value chain (including Scope 1, 2 and 3) which is defined by reference to our organisational boundary of operational control, as set out in our latest Basis of Reporting.

1.
Foreword to our Stakeholders, Introduction and Plan at a Glance

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Foreword to our Stakeholders

Dear Stakeholders,

The Intergovernmental Panel on Climate Change ('**IPCC**') states that global average temperatures will likely exceed 1.5ºC above pre-industrial levels at some point during this century. In 2019, the UK Government acted to legally require UK economy to transition to net-zero emissions by 2050, with binding interim targets. The UK has also pledged at UN climate negotiations to cut emissions by at least 68% by 2030, against a 1990 baseline. Across all sectors of the economy, organisations will therefore need to consider how they will pivot their operational assets, product portfolios and supply chains, to respond to the requirements of this net zero transition.

Both the IPCC and the UK's Climate Change Committee continue to highlight the requirement to rapidly accelerate the deployment of carbon removals technology at megaton scale, if the world is to meet its decarbonisation commitments. For Drax, this represents a significant opportunity to contribute directly to combatting the climate crisis as we develop and deploy our Bioenergy with Carbon Capture and Storage ('**BECCS**') removals technology globally.

We are working to become a global leader in carbon removals, with a goal of deploying carbon removals capacity globally. During 2024, we continued to develop site options for BECCS, both at Drax Power Station in the UK and several potential locations in North America. This ambition continues with the launch of **Elimini**, with its commitment to '*removing carbon for good*', thereby enabling others to meet their own climate targets by physically capturing carbon for permanent storage.

The Drax Board, the Executive Committee ('ExCom') and I are responsible for overseeing the Group's climate strategy and progress against our climate commitments. As part of our broader Sustainability Framework, we actively consider our decarbonisation targets and strategy as part of the ExCom's role in our capital allocation process, when acquiring or disposing of assets, and when reviewing and responding to the business's Principal Risks and Opportunities.

We continue to welcome active and on-going dialogue with our stakeholders on matters related to the progress of our decarbonisation plan for our assets and value chain. We are continuing to assess options and timing for a shareholder vote on our Plan as part of a future AGM, although there is no commitment to a specific date at this point.

Thereafter, we will continue to report annually on progress against our external targets both via our annual report and via further updates to our CTP. Furthermore, we will review our plan every three years at a minimum, or more frequently if there are significant changes to our business and seek further shareholder votes when our climate plans are materially updated.

I look forward to continuing the conversation with you on our progress in delivering Drax's climate commitments, as we make our own contribution to the global efforts to combat the climate crisis.

Miguel Veiga-Pestana
Chief Sustainability Officer
Drax Group PLC

Introduction to our Climate Transition Plan

"Drax is positioned to contribute to the Climate Crisis in multiple ways: both by decarbonising our value chain and the value chains of our customers, and also by permanently removing and storing carbon from the atmosphere"

At Drax, we are committed to enabling a zero carbon, lower cost energy future. Our Climate Transition Plan sets out our climate ambitions, our targets and how we plan to achieve them, alongside how we will contribute to both our sector, and the economy-wide transition to net-zero.

Whilst they remain voluntary, we have chosen to publish our CTP because we believe Transition Plans are an important tool for providing stakeholders with the information necessary to assess our strategy, ambition, and credibility of climate commitments. Our plan aims to provide stakeholders with confidence that our targets are supported by tangible actions.

By transforming our company and deploying our BECCS technology, we're aiming to reshape our operations, both by working with our value chain and by helping our customers reduce their own carbon footprints via the deployment of carbon removals at scale. In 2023, the Science-Based Targets initiative ('SBTi') validated our Near-Term 2030 absolute and power generation-intensity greenhouse gas emissions ('GHG') reduction targets and confirmed that these targets are aligned to the 1.5oC pathway.

In 2024, we further committed to an additional SBTi Net Zero by 2040 target, which remains in validation with SBTi. We expect to progress through the target validation process and validate this target in 2025.

Our plan sets out how we plan to meet our SBTi Near Term and Net Zero targets for GHG emissions at every step in our value chain. Our plan specifies timings, action areas and the potential financial investments required to enact the changes that are needed to achieve these targets, organised around the three core principles of Ambition, Action and Accountability, as set out in the Transition Plan Taskforce Disclosure Guidance.

This is an ambitious plan. It starts with reducing GHG emissions from our own operations, via tangible actions (many of which are already underway) such as the phasing out our use of fossil fuels and switching to biofuel alternatives, by converting our vehicle fleet to electric vehicles, augmenting our product portfolio by eliminating sales of natural gas, and developing partnerships with our logistics providers. The results so far are promising: as of 2024, we have reduced our total emissions by more than 40% since our SBTi baseline year of 2020.

Our carbon emissions data is subject to review by external auditors PricewaterhouseCoopers who provide annual limited assurance of our footprint. We will continue to review our approach to external assurance to ensure we seek the right level of third-party validation, covering the right scope for future versions of our CTP.

Drax has been reporting on environmental matters for more than a decade, including disclosing in line with the TCFD recommendations since 2020. This transition plan is part of our wider efforts to provide greater transparency to our investors and other stakeholders.

- Drax Group plc Executive Committee

Executive Summary – Our Transition Plan ‘at a glance’

Our Ambition

Our strategic aim is to be a global leader in both sustainable biomass pellets and carbon removals, and to be a UK leader in dispatchable, renewable power generation

Since November 2023, we have formally committed to the SBTi framework, with a set of validated near term 2030 targets, aligned to the 1.5°C pathway

In 2025, we expect to formally validate a further long term (Net Zero) target, further strengthening our commitment to decarbonising our footprint

By acting to decarbonise our assets and value chain now, we will both minimise the impact of our assets and operations on the climate, whilst maximising the contribution that our BECCS technology can make to decarbonising the assets and value chains of our CDR customers

Our SBTi Targets

Near term targets (2020 baseline)

75.7% intensity reduction in Scope 1 and 2 emissions from electricity generation by 2030 against a 2020 baseline

75.7% intensity reduction in Scope 1, 2, and 3 emissions from all sold electricity by 2030 against a 2020 baseline

42% reduction in non-generation Scope 1 and 2 absolute emissions by 2030 against a 2020 baseline

42% reduction in Scope 3 absolute emissions by 2030 against a 2020 baseline

Long term (Net Zero) target:

Net Zero across our value chain by the end of 2040 (target validation in progress)

Our Sustainability Framework

Our Sustainability framework sets out how we define our pillars of Nature, People and Climate Positive, the latter incorporating our decarbonisation ambitions

Climate Positive

Achieving Net Zero by the end of 2040, deliver evidence on forest carbon and exploring options for carbon removals

Nature Positive

Mitigate harm and promote circular resource use, deliver biodiversity enhancements across our sites and support diversity and ecosystem resilience in our value chain.

People Positive

Provide a safe and inclusive workplace, collaborate with our supply chain to uphold human rights and partner with the communities in which we operate and seek to make a positive contribution to their livelihoods

Implementation Strategy

In order to reduce emissions from our own physical operating footprint, we have implemented a project management model which shares responsibility for project delivery between operational and decarbonisation teams and aims to ensure that decarbonisation projects are delivered

The inclusion of decarbonisation projects on our Group Bonus Scorecard helps to ensure that every Drax employee is incentivised to deliver decarbonisation each year

Our use of Sustainability Linked Loans ensures that the cost of financing our operations is directly linked to progress against our decarbonisation targets

We have embedded a compulsory evaluation of the carbon impact of any significant capex. investment

Governance & Accountability

Progress against our Climate Transition plan is tracked and governed via an established hierarchy of governance forums, with responsibility ultimately residing with the Drax Group PLC Board

At the operational level, day to day tracking is done via each business unit Decarbonisation Working Group, which then report up to our Group-wide Sustainability Council and ultimately to the Drax Executive Committee on a periodic basis

We report progress against individual decarbonisation projects and our overall SBTi targets in our Annual Report and Accounts (ARA) and through other reporting channels including our ESG Performance Report and ESG questionnaires and surveys.

Our Strategic Ambition and Vision

Our Corporate Purpose: To enable a zero carbon, lower cost energy future

1. To be a global leader in carbon removals

The world must act now to address the climate crisis if we are to limit global warming to 1.5oC above pre-industrial levels. We need more renewable energy, and more flexible energy systems to make the best use of intermittent renewables.

Bioenergy with Carbon Capture and Storage, or BECCS, is a scalable carbon removal technology with the potential to remove large quantities of CO2 from the atmosphere and store it permanently underground. It is also currently the only technology to combine carbon removal technology with the generation of dispatchable, renewable electricity. Against this backdrop, we are continuing to execute on our strategy to explore options for the deployment of BECCS in the US and UK at megaton scale.

2. To be a global leader in sustainable biomass pellets

Drax fully believes in the role that biomass provides to supply low carbon fuel for electricity generation. Supported by high sustainability standards as depicted in our Biomass Sourcing Policy, Drax has set its ambition to manufacture five million tonnes of sustainable biomass pellets per year from its own facilities, with up to two million tonnes sourced from trusted producers to allow for flexibility and security of supply.

3. To be a UK leader in dispatchable, renewable generation

Our dispatchable, renewable power assets have an important role to play in enabling the transition to a renewable energy future. Our generation facilities provide dispatchable baseload power that provides renewable electricity at times of low sunlight or low wind levels. Being dispatchable means that we can provide grid stability at times of low margin, and in doing so, we provide a fast and flexible response to changes in electricity demand and fluctuations in wind and solar energy generation.

Our Open Cycle Gas Turbine (‘OCGT’) power stations, currently under construction, will provide additional dispatchable power to quickly balance the energy grid at times of volatile system margins, ultimately enabling the deployment of more renewable generating capacity and supporting the UK’s energy security. As the future use of these assets will increase our carbon footprint with the use of natural gas for power generation, we are actively considering options for these assets.

Our Advocacy


Durable and scalable carbon removals


Support for sustainable biomass and BECCS


Grid stability and flexible generation


Nature Positive


People Positive

2.
Our Operations and Business Model

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An overview of Drax's operations

Drax is a pioneer within the UK renewable energy industry. Our purpose is to enable a zero carbon, lower cost energy future

£2 billion[1] Market Capitalisation (LSE:DRX)	**FTSE250** Company	**>3,200 employees** Across **4 countries**	**>3 GW** Existing UK generation capacity

We are a global, vertically integrated renewable energy company.

Thousands of jobs are supported by our operations and extended value chain.

Drax Power Station is one of the largest coal conversion projects in Europe, having converted 2.6 GW of coal power generation to sustainable biomass since 2014.

We are a global leader in sustainable biomass pellet production, sourcing low-value fibre from sustainably managed forests in North America.

Drax Power Station is the largest single site generator of reliable, renewable electricity in the UK, playing a critical role in keeping the lights on for millions of homes and businesses.

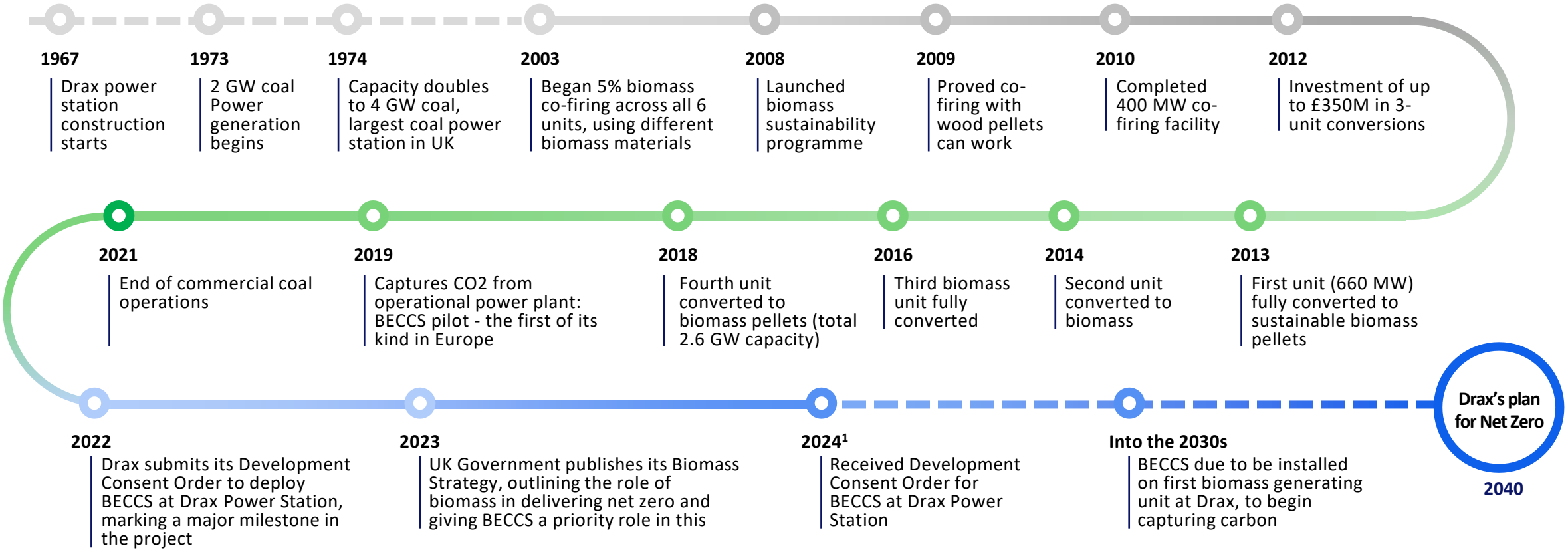
We have planning consent for the development of bioenergy carbon capture and storage (BECCS) at Drax Power Station2 and are developing further opportunities internationally.

Source: London Stock Exchange
[1] As of 25th April 2025

[2]Drax development consent order: https://www.legislation.gov.uk/uksi/2024/70/contents/made

50 years of experience in power generation and transformation

Drax Power Station is the UK's largest source of renewable electricity by output. Over the last 10 years, we have fully transitioned away from coal to biomass for all four generation units still operational at Drax Power Station.



[2]Drax development consent order: https://www.legislation.gov.uk/uksi/2024/70/contents/made

Leading today while shaping the future

Drax will continue its UK market leadership in dispatchable, renewable power while investing to drive the transition towards net zero energy.

2.6 GW power

Generated from renewable biomass energy, making Drax Power Station the largest single site renewable generator in the UK.

5 Mt annual capacity ambition

Drax has a resilient biomass pellet supply chain through its network of 18 pellet production plants and sourcing network in the US and Canada.

1.5 GW FlexGen portfolio

Comprising 0.44 GW from pumped storage, 0.12 GW from hydro power, and 0.90 GW from open cycle gas turbines.

Positioning for long-term growth

Drax's investment in UK BECCS could create the technology to remove up to 8Mt of CO2 from the atmosphere every year and store it safely and permanently under the North Sea, all while generating renewable power.

Drax's plans for UK BECCS could make Drax Power Station the largest single site carbon removal project in the world.

Dependencies for investment in BECCS

Consistent with the position set out by Drax in 2023, clear Government policy Support and milestones (including details of the subsequent allocation rounds for carbon capture and storage (CCS) projects and transportation and storage processes) are required to unlock further investment in the development of BECCS at Drax Power Station.

2.
Our SBTi Targets & 2020 Baseline Calibration

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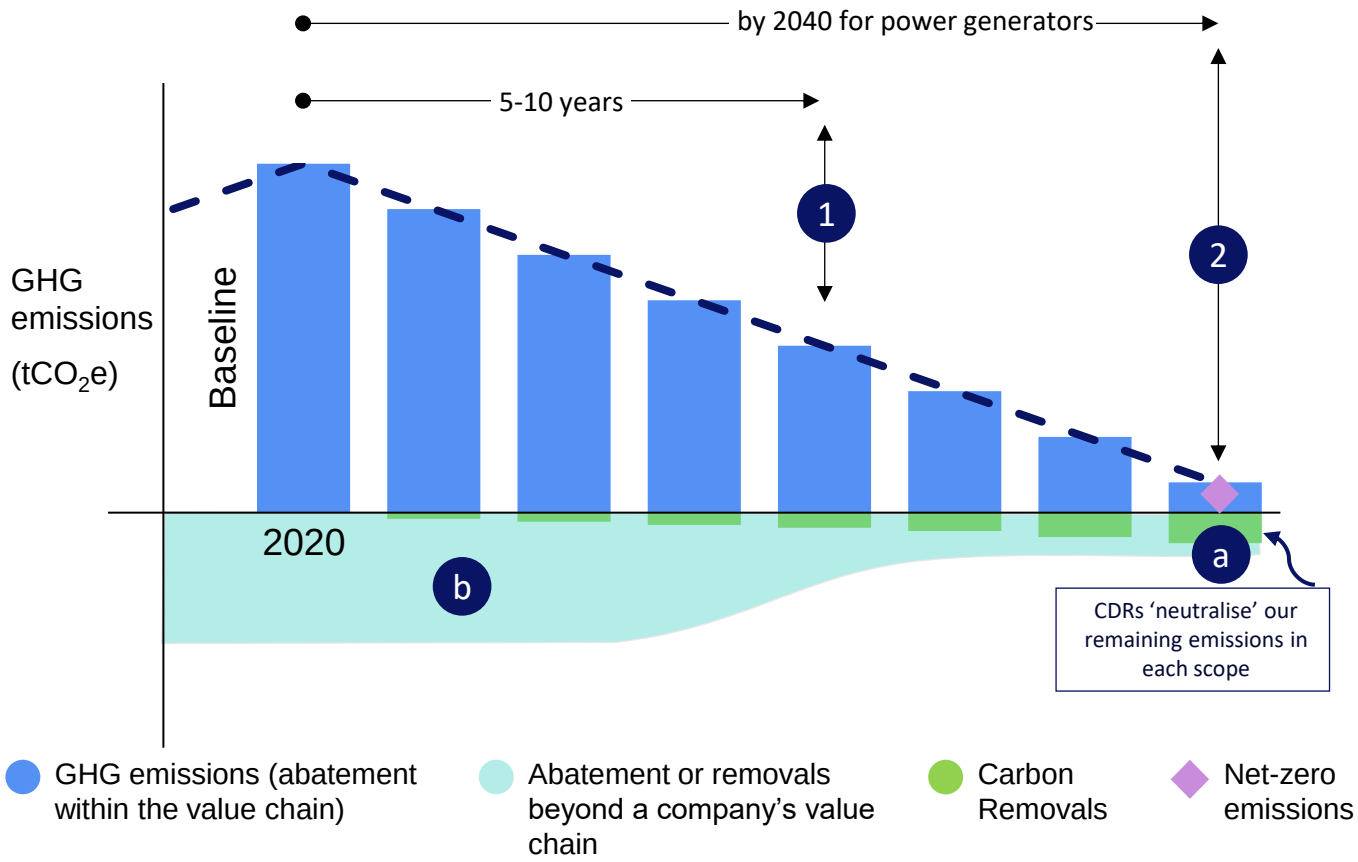
The Component of our SBTi Targets

The Science Based Targets Initiative has specific considerations for the energy sector (power generation) with respect to the individual actions required to satisfy the Net Zero Corporate standard. Somewhat unique to Drax is the fact that we have the capability to take action on all four potential components (see chart and panel below), including the provision of renewable electricity to decarbonise the grid and, via the deployment of our BECCS technology in the future, the production of carbon dioxide removals credits to neutralise our residual emissions, as well as the residual emissions of our customers.

Chart: Illustrative Power Sector Example:



1. **Near-term targets:** We have validated 10-year (2020-30) emission reduction targets in line with the SBTi 1.5-degree pathway
2. **Long-term targets:** Our Net Zero target to reduce emissions to a residual level in line with 1.5-degree scenarios by no later than 2040 (requiring a reduction of ~90% on baseline emissions) – *currently in validation*
   - a **BECCS CDRs to 'neutralise' residual emissions:** counterbalance our residual emissions through permanent carbon removals
   - b **Beyond value chain mitigation:** in transition to net-zero, mitigate emissions beyond own value chain, e.g., through supply chain insetting etc.
3. **Net-Zero Corporate Target** = 1 + 2 + a + b

SBTi Requirement for Net-Zero

SBTi Recommendation for Net-Zero

Our SBTi Targets – at a glance

SBTi Near term targets (2030)

1. 75.7% intensity reduction in Scope 1 and 2 emissions from electricity generation by 2030 from a 2020 baseline
2. 75.7% intensity reduction in Scope 1, 2, and 3 emissions from all sold electricity by 2030 from a 2020 baseline
3. 42% reduction in non-generation Scope 1 and 2 absolute emissions by 2030 from a 2020 baseline
4. 42% reduction in Scope 3 absolute emissions by 2030 from a 2020 baseline

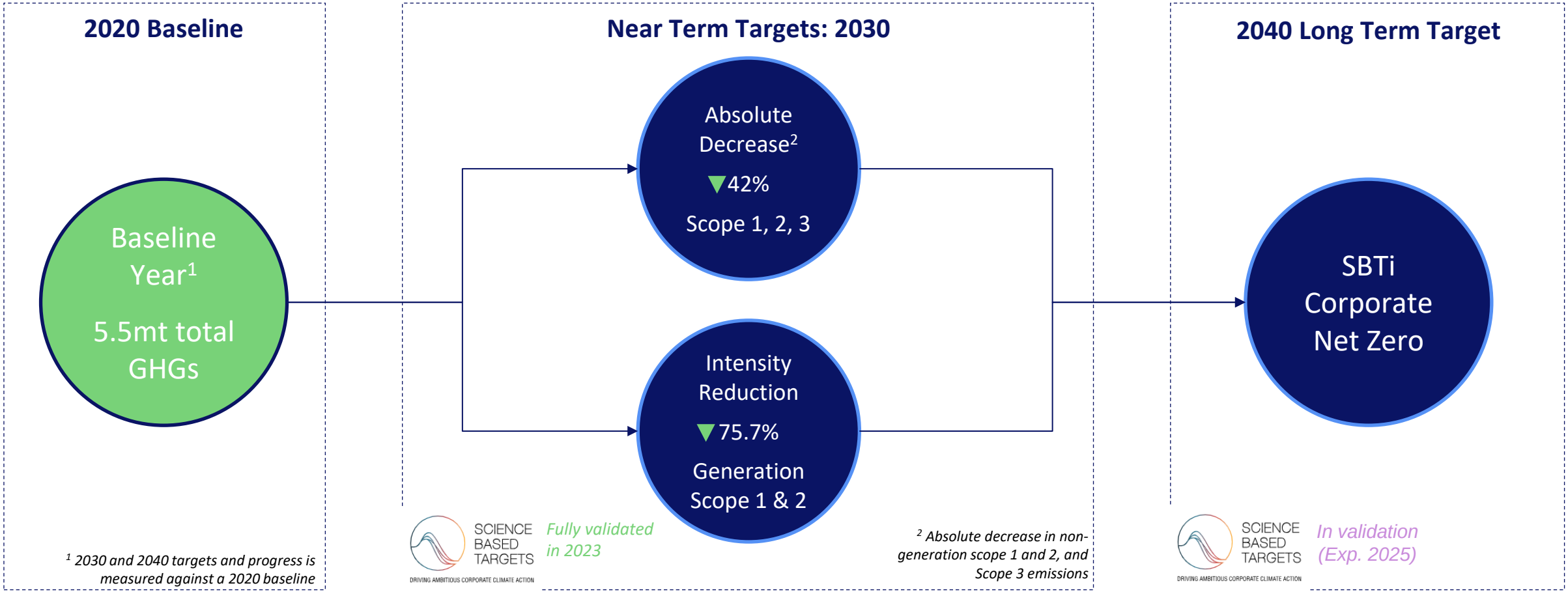
Target Status : Fully validated in 2024

SBTi Long term target (Net Zero by 2040):

1. Net Zero across the value chain by 2040 (validation in progress)

Target Status: In validation with SBTi – validation expected in 2025

Our SBTi Targets – Target Timeline & Definitions



GHG Protocol Definitions:

Scope 1 covers all direct greenhouse gas emissions from our own business activities, such as those from primary fuel sources used directly at company sites. Examples include natural gas, fuel oil, petrol and diesel. This also includes emissions from refrigerant leakages and mobile plant and equipment.

Scope 2 covers the indirect greenhouse gas emissions in our own business activities that result from the generation of purchased energy. The CO2 emissions are caused by the consumption of secondary energy sources, such as electricity, district heating, steam or cooling energy in buildings and electric vehicles.

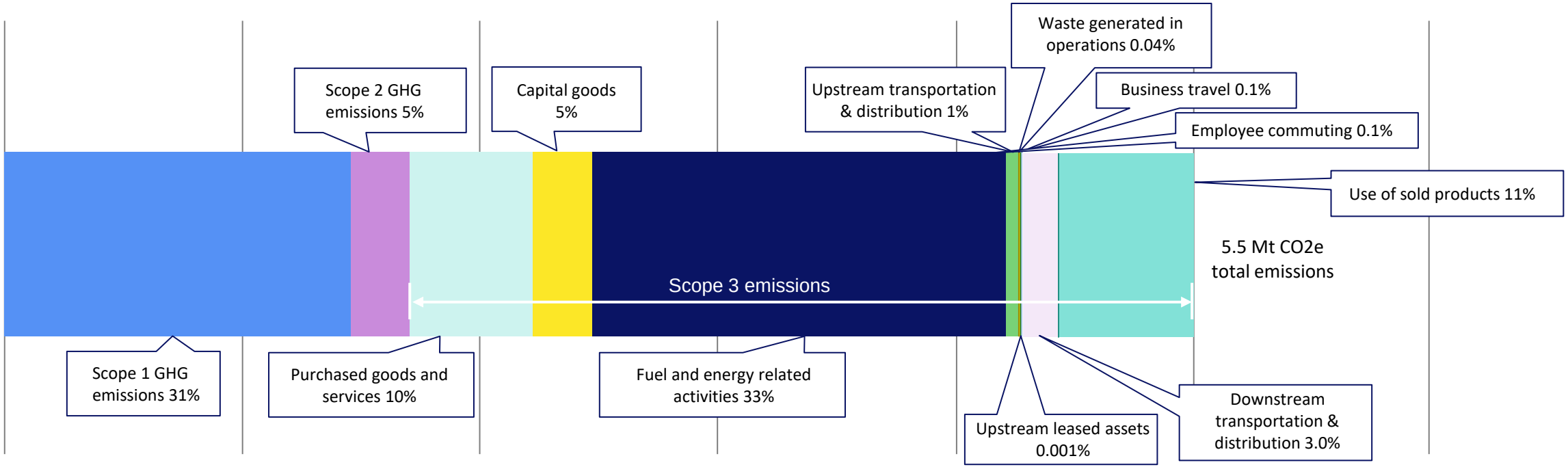
Scope 3 covers other indirect greenhouse gas emissions in the upstream and downstream value chain that are primarily associated with our activities. Scope 3 emissions are split into 15 categories, for example, the consumption of our fossil fuel products, the procurement of spare parts and finished products, our business travels and employee commuting

Setting the baseline – Our 2020 emissions calculation

Accurately measuring greenhouse gas ('GHG') emissions is a significant challenge for all corporate entities globally. The assembly of our emissions footprint relies on several assumptions, estimates and on information from third parties. In 2023, we implemented improvements in our GHG emissions measurement using a new measurement system for our largest Scope 3 emissions categories, which resulted in a more complete and accurate data set. As described in our external Basis of Reporting, we have now restated our 2020 GHG emissions baseline measurement to reflect these changes, reducing our 2020 starting point from approximately 6mt to 5.5mt of CO_2e. Our revised measurement applies the latest guidance on the use of emissions factors (IPCC AR6) and adjusts for recent acquisitions/divestments since our baseline was set. Our annual emissions calculations are then externally assured in accordance with ISEA3000 standards and the International Standard on Assurance Engagements 3410 'Assurance Engagements on Greenhouse Gas Statements' ('ISAE 3410'), by a third-party auditor. We will continue to re-baseline our data set in future, as the footprint and asset base of our business evolves over time.

Our 2020 baseline was chosen as it provides an appropriate balance between a representative historical benchmark and near-term relevance with respect to our transition away from coal generation.

Chart: GHGs forming our 2020 baseline scope of our SBTi Near Term 2030 target (representative % shown as at 2020 baseline reconciliation)



[1] *2030 target and 2023 progress is measured against a 2020 baseline*

3.
Progress against our Targets & Emissions Forecast to 2030

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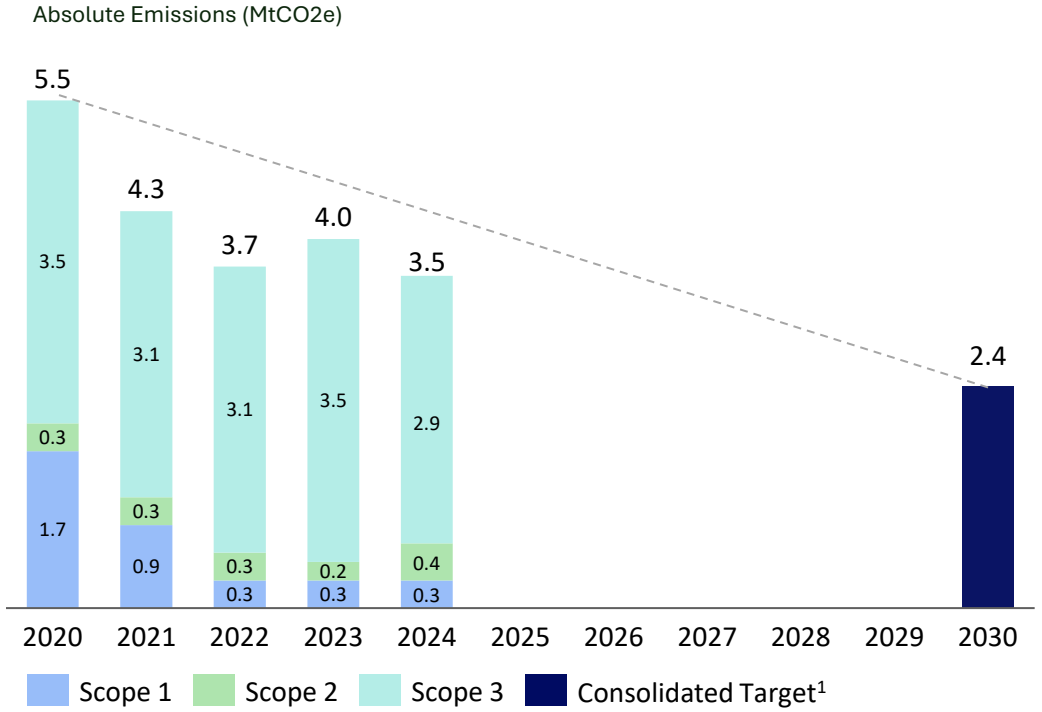
Our emissions trajectory & target progress

We have set an ambitious roadmap, guided by our SBTI-validated targets, to achieve net zero by 2040. In the short term, our year-to-year capital allocation decisions are driven by our Near Term 2030 targets, which require the same year-on-year emissions reductions trajectory as our net zero target. As is visible in the breakdown below, we are either ahead of target, or on track, for all but **our Non-Generation Scope 1 and 2 target**, represented largely by the emissions from our pellet making business. As a consequence, we are focusing our resources in developing additional projects in 2025 to reduce GHG emissions from this area of our business.

Chart: SBTi Near-Term 2030 Targets across Scope 1, 2, and 3 – Combined View



[1]Our consolidated target (dark blue) includes a conversion of our generation intensity into an absolute emissions reduction, based on future assumptions of generation output (in TWh). The absolute target figure (2.4mt) is therefore subject to change, based on future changes in forecast generation output and additions of further generation assets.

Three out of four emission targets are ahead of the target pathway agreed with SBTi

Scope emissions	2030 target	2024 absolute change*
Generation Scope 1 and 2 emissions	75.7% Intensity reduction	86.6% decrease
Non-generation Scope 1 and 2 emissions	42% absolute reduction	19.8% increase
All Scope 3 emissions	42% absolute reduction	19.0% decrease*
Scope 1, 2 and 3 emissions from all sold electricity (incl. PPA portfolio)	75.7% intensity reduction	81.8% decrease

Target Trajectory On-Track

Target Trajectory Requires Attention

*absolute change in emissions versus 2020 baseline

SBTi Target Progress Summary

- We are ahead of our target for Generation Scope 1 and 2 emissions intensity, including our separate target that includes electricity sold to our customers (inc. PPA portfolio).
- We are off target with respect to the trajectory of our non-generation Scope 1 and 2 emissions target. These emissions have increased due to:

1. Organic growth in self-supply pellet volumes
2. Acquisition of Northern Pellet Operations
3. Return to normal activity levels, post-Covid

- Scope 3 emissions in 2023 were impacted by a one-off addition of c. 0.635 MtCO2e as a result of the purchase of coal on behalf of National Grid to provide a “winter contingency” to support the UK power system. This impact has been eliminated for 2024 and we remain on track for our scope 3 target with respect to our scope 3 trajectory.

Our SBTi targets in detail – 2024 Progress Update

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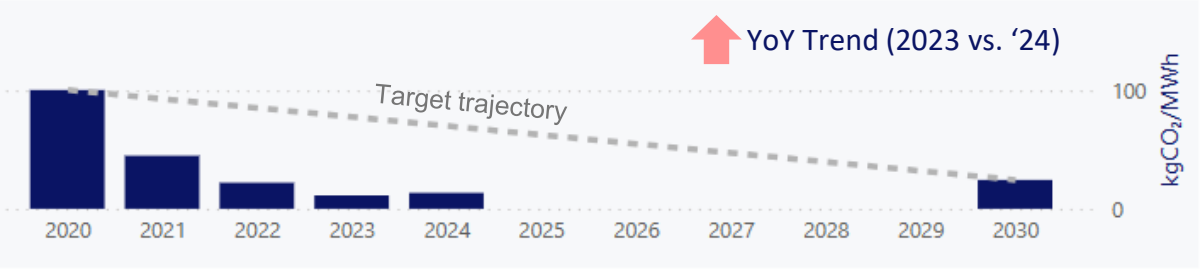
Generation: Scope 1 and 2
Direct fuel combustion emissions and electricity usage of Drax Power Station and Hydro assets.

Target by 2030: 75.7% intensity reduction from 2020

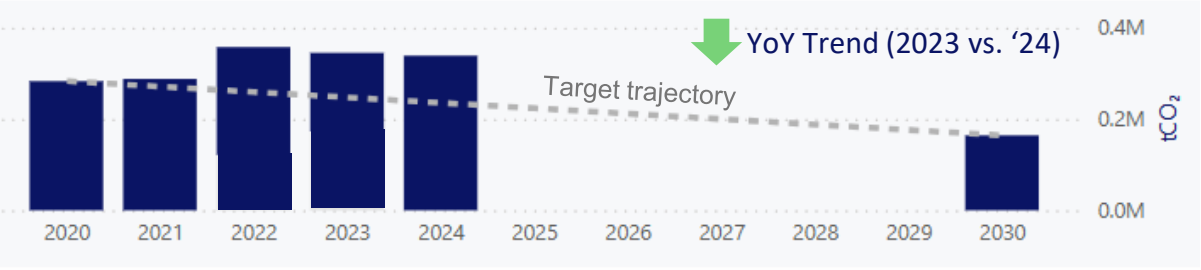
2024
86.6% decrease
81% ahead of target trajectory



Non-Generation: Scope 1 and 2
Direct fuel combustion emissions and electricity usage from pellet making owned offices and Daldowie.

Target by 2030: 42% absolute reduction from 2020

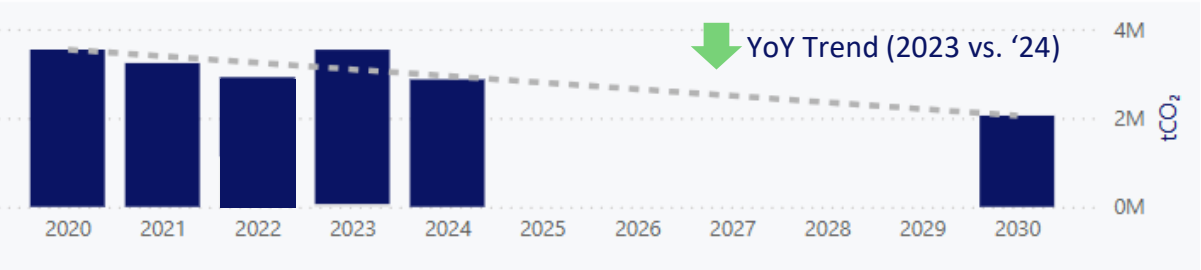
2024
19.8% increase
44% behind target trajectory



All Scope 3 emissions
All indirect emissions from generation, pellet making, trading, energy purchase and sales, leased goods and traded goods

Target by 2030: 42% absolute reduction from 2020

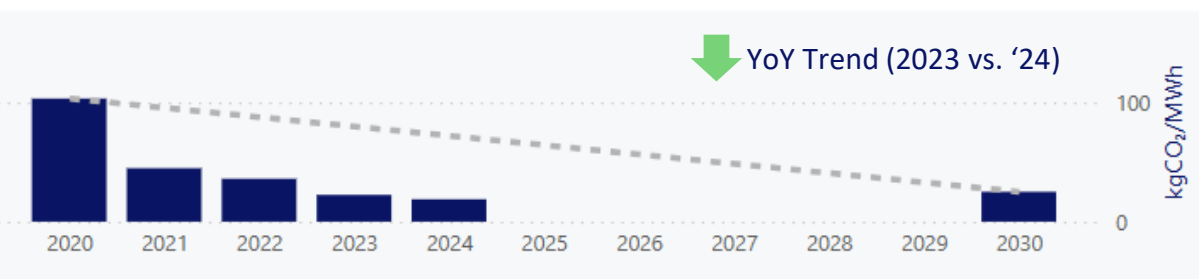
2024
19.0% decrease
3% ahead of target trajectory



SBTi sold electricity
Generation Scope 1&2: emissions and PPA total emissions

Target by 2030: 75.7% intensity reduction from 2020

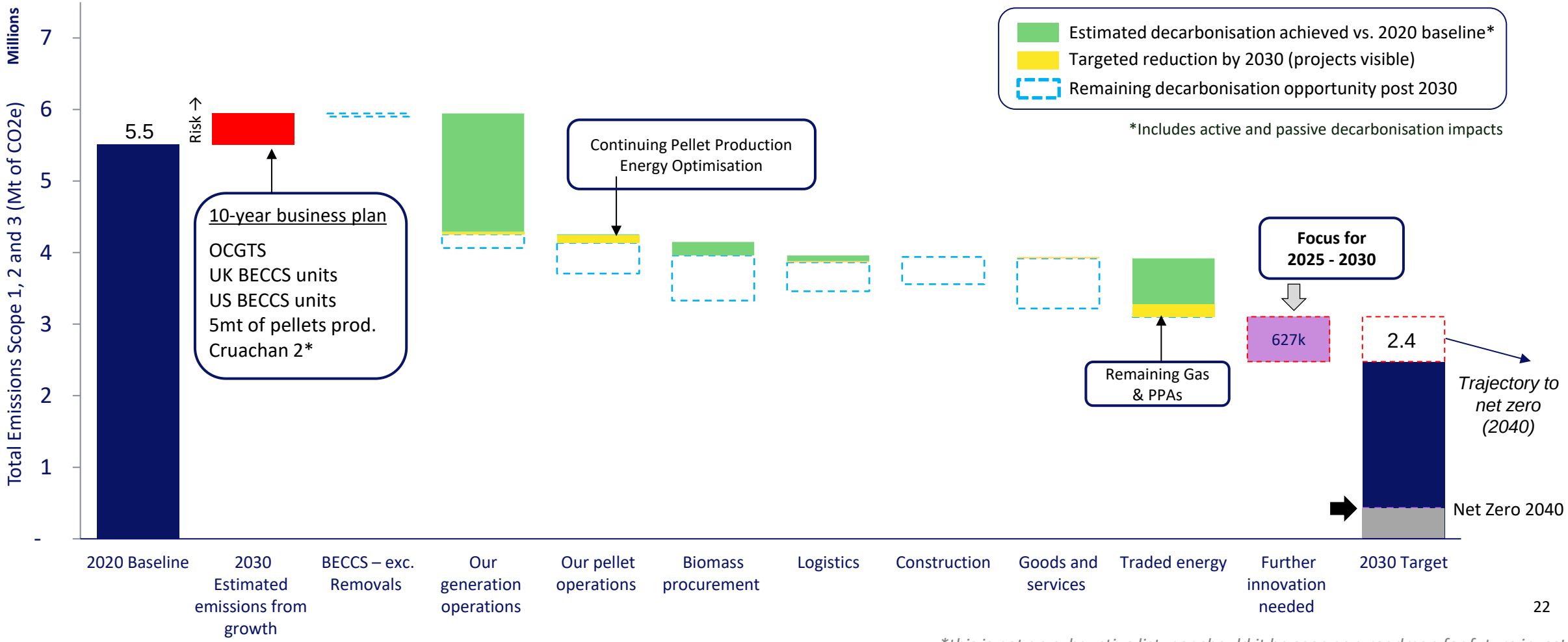
2024
81.8% decrease
74% ahead of target trajectory



*All increases and decreases shown are vs 2020 baseline

Our 2030 emissions forecast – path to 2030:

Working closely with stakeholders from across our business units, finance, and strategy teams, we have constructed a 2030 GHG emissions forecast that aligns with our internal 10 year business plan of record. The output from the forecast, shown below, accounts for a number of different factors, notably: 1) the forecast uplift to our emissions (red) between now and 2030, arising principally from business growth and additional asset build and commissioning, such as our OCGTs (see slide 39), 2) decarbonisation benefit already achieved since our baseline (green), 3) the additional future decarbonisation opportunities that we have identified in our business for which projects are visible/viable (yellow). Finally, the purple block representing "Further Innovation Needed" denotes the size of the emissions reductions for which we still need to develop new projects to achieve our targets in 2030.



*this is not an exhaustive list, nor should it be seen as a roadmap for future investment

5.
Elimini and the role of Carbon Removals

drax

The role of carbon removals and Elimini

Reducing emissions is essential, but it isn't enough. So, through our Elimini business, we are deploying an engineered removal technology called BECCS (bioenergy with carbon capture and storage). This removal technology is unique in that also produces the clean, reliable, around-the-clock renewable electricity the world needs.

More than a million tonnes of carbon dioxide removed. Every year.

Carbon dioxide levels are the highest they've been for millions of years and are accumulating in the atmosphere faster than ever before.

But for the first time, we have the technology and process to permanently remove millions of tonnes of CO2 from the atmosphere.

More than 1,800 Gigawatt-hours of renewable electricity generated. Every year.

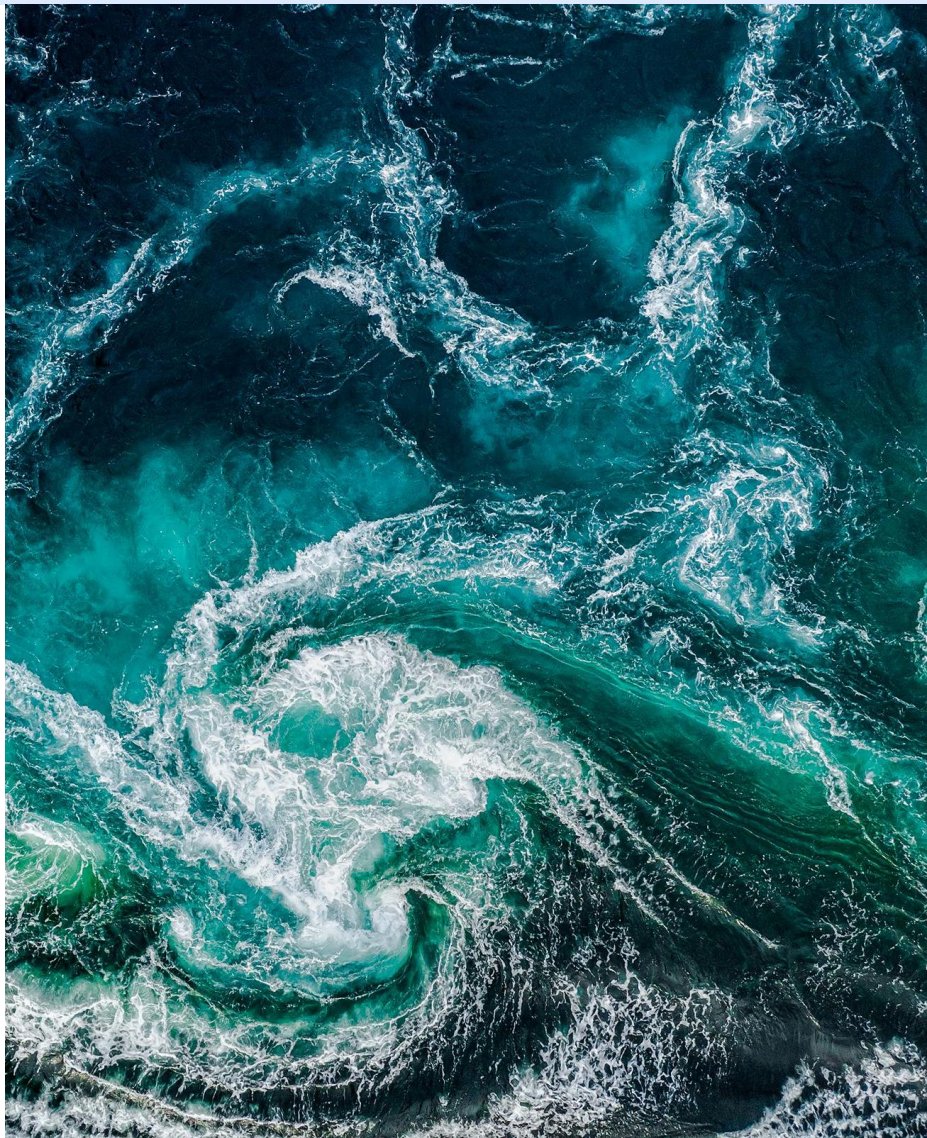
The world urgently needs more renewable electricity.

To support the continuing rise in internet usage. To underpin the world's increasing reliance upon new technologies like AI, and the related expansion of data centers. And ultimately, to help lift living standards for those still without access to reliable power

A solution that works for everyone. For good.

We need to achieve these goals by working in partnership with people and the planet.

Removing carbon for good means protecting nature and biodiversity, creating jobs, supporting communities, and sharing the climate benefits.



"The deployment of carbon dioxide removals to counterbalance hard-to-abate residual emissions is unavoidable if net zero…emissions are to be achieved."

Intergovernmental Panel on Climate Change (IPCC)
Sixth Assessment Report, 2022

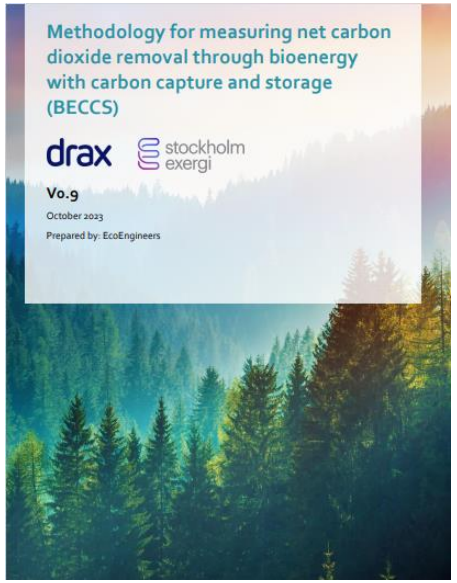
[1] *2030 target and 2023 progress is measured against a 2020 baseline*

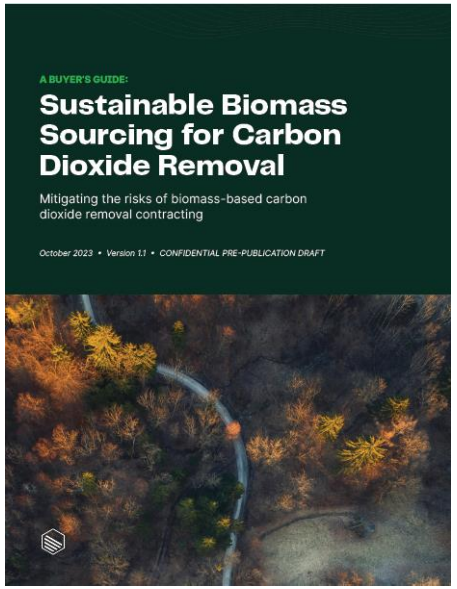
Setting the global industry standard for sustainable BECCS

Drax has collaborated with industry partners to develop robust BECCS methodologies and align with emerging customer expectations and certification standards. Now working via our **Elimini brand**, we have released or contributed to a number of standard setting guides in the last 18 months, including our collaboration with **Stockholm Exergi** to develop a net carbon removal methodology via BECCS, and also via our response to the 'BECCS Done Well' publication authored by Jonathon Porritt and Forum for the Future (*see screenshots below – documents available on drax.com*)

Key highlights

- Drax had previously developed a BECCS methodology, in partnership with Stockholm Exergi and EcoEngineers.
- The methodology documents how a project may quantify its net carbon removal contribution to climate change mitigation and helps in defining:
  - A method for quantifying net negative CO2 removals from BECCS,
  - Guardrails for sustainable biomass sourcing, to manage environmental and social impacts, and
  - Alignment with Integrity Council Core Carbon Principles
- We hope that CDR certification bodies will now adopt these methodologies and standards, reflecting a growing confidence in the carbon removals market and Elimini's carbon removals offering.
- This methodology has received validation from DNV, the independent energy expert and assurance provider.





Elimini

BECCS at Drax Power Station: A critical project for the UK's net zero goals

BECCS at Drax Power Station offers a crucial chance to achieve the UK's carbon targets and provide an affordable route to reaching net zero emissions.

BECCS at Drax could support the UK's Net Zero Strategy by capturing millions of tonnes of CO2 annually and delivering renewable power in the early 2030s with its first operational unit in the UK. A second unit could follow soon after, increasing our CO2 capture capacity

Drax has planning consent[1] for the development of BECCS at Drax Power Station for two units and continues to expand its development pipeline, with several ongoing opportunities and efforts.

Drax's UK BECCS project could be the largest engineered carbon dioxide removal (CDR) initiative globally, potentially capturing up to 4Mt of CO2 annually from each unit, with maximum capacity increasing up to 16Mt if all four biomass units were converted to BECCS.

Drax's Global BECCS ambition in the long term is to be capturing >20Mt of carbon annually. The first site has been shortlisted in the US South, targeting operations in the early 2030s.

[1]Drax development consent order: https://www.legislation.gov.uk/uksi/2024/70/contents/made

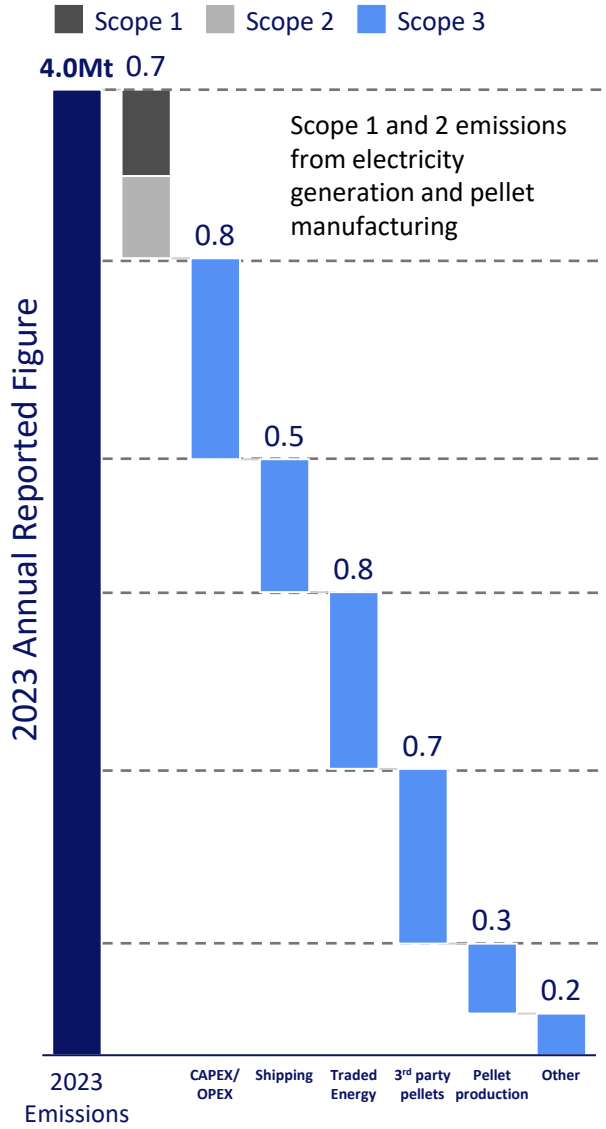
6.
Allocating capital and selecting decarbonisation projects

drax

POSITIVE ACTION

Example project identification – emission 'hotspots' – Scope 3 Review

Our emissions reporting tools allow the decarbonisation team to identify areas of focus to develop new project ideas for progression into business cases and project proposals. Illustrative examples of potential focus areas are below:



Scope 1 and 2 emissions from electricity generation and pellet manufacturing

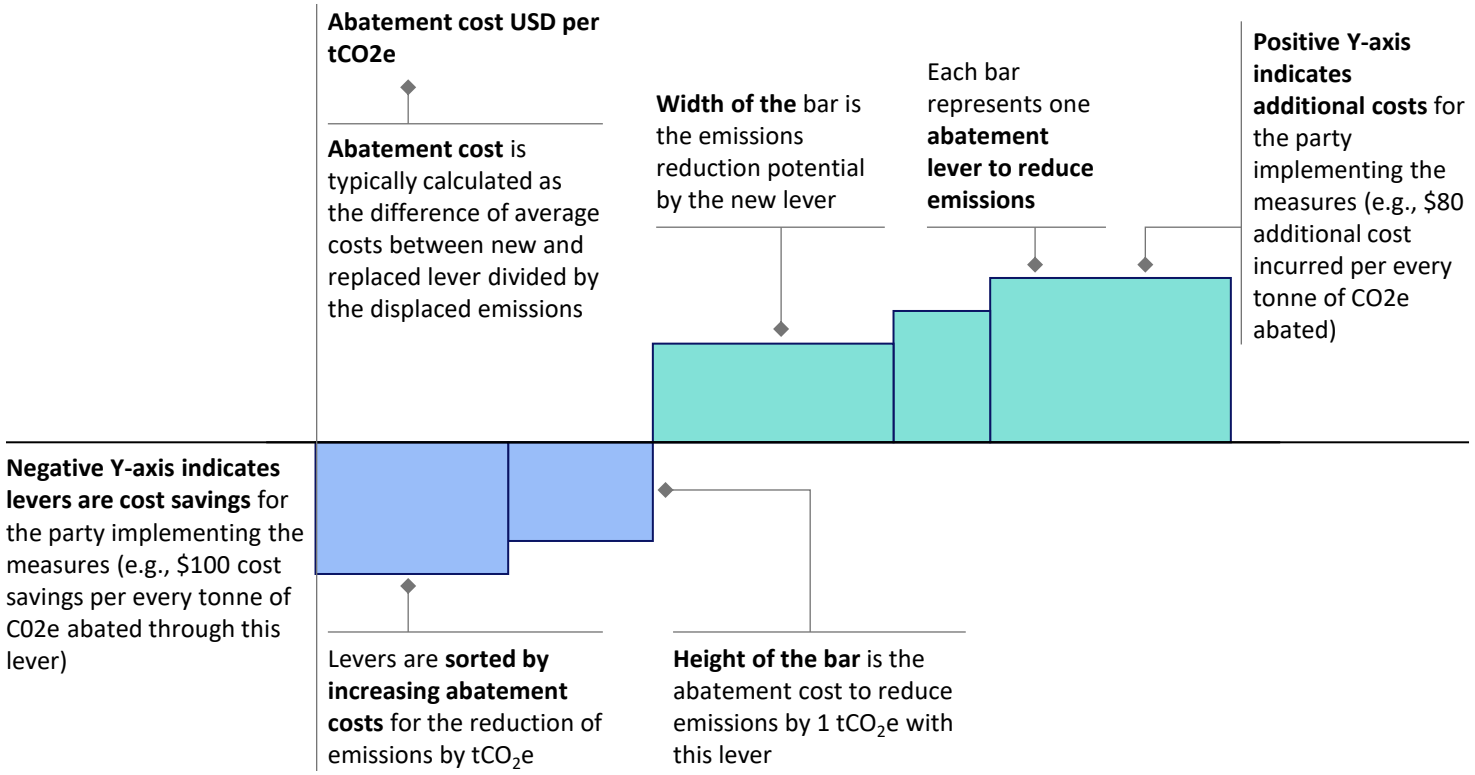
Emissions category	Areas of focus for implementation plan
Scope 1 & 2	• **Generation** – Investigating HFO replacement with biofuels at DPS • **Non-Generation** – Reducing scope 2 emissions from pellets in Canada via renewable PPAs
CAPEX/ OPEX	• **Developing sourcing plan for green steel and green cement** in the US and in the UK with Capital Projects • Implementing a **Carbon Life Cycle Assessment** tools for our new build assets
Pellet shipping	• Working directly with suppliers of alternative propulsion systems (e.g. Smart Green Shipping and EFBC)
Traded energy	• Wind down of Opus Gas Supply (Use of Sold Products) – *near completion* • Continued **purchase of REGOs** to cover upstream traded energy emissions
3rd party pellets	• **Engaging suppliers** on their plans to decarbonize pellet production • **Developing procurement strategies** to reduce emissions from purchased pellets (*3rd Party Pellet Procurement Carbon Calculator*)
Pellet production	• **Developing plant-by-plant plans** and investigate options for decarbonisation including improving energy efficiency within systems, and reduce pellet transport emissions (e.g. Pellet Plant Energy Optimisation Programme – 2024 bonus scorecard)

Key emissions driver

Allocating capital: Prioritising our decarbonisation spending

Our capital allocation approach for decarbonisation is based around the creation of **Marginal Abatement Cost Curves** ('MACCs') for each emissions scope and business unit:

- A MACC is a visualization of various potential carbon reduction initiatives across our assets and supply chain
- Potential initiatives are organised left to right on curve by initiatives **economic cost of emissions abatement**
- Serves as a **preliminary decarbonisation initiative prioritisation mechanism**

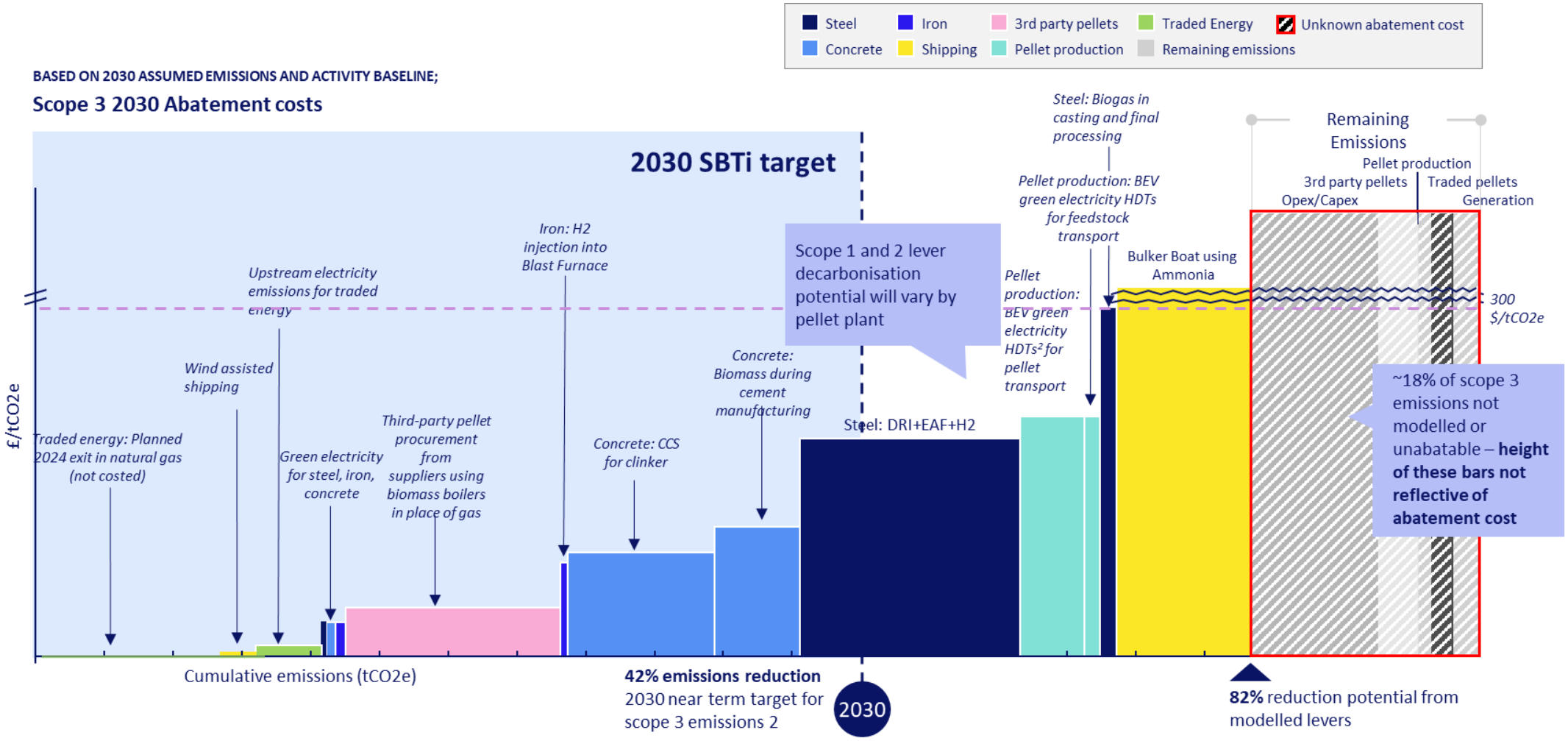


How we use MACCs to prioritise projects at Drax:

1. Calculate the emissions reductions required to achieve various pathways
2. Group emissions into buckets (e.g., scope 3, transport, shipping)
3. Assign decarbonisation levers to buckets (e.g., shipping decarbonisation options include efficiency measures, fuel switches to ammonia)
4. Pull 'levers' in order of lowest cost to abate, reducing as much as possible with lowest cost levers in a logical order
5. We do this first for each emissions group (e.g., scope 3, transport, shipping), then aggregate up scope level (e.g., scope 3) to show the **lowest cost projects** to abate emissions to achieve our targets for each scope

Prioritising our project spend – Scope 3 example MACC

The diagram below shows an illustrative example of a MACC derived for our current Scope 3 emissions footprint. This includes an estimate of construction emissions for deployment of UK and US BECCS in the future (notably, steel and concrete emissions from construction). Those emission categories that sit below our cost of carbon present the most promising opportunities around which we can then form a business case for a decarbonisation programme, ultimately developing into a formal project for funding and/or inclusion on our Group Bonus Scorecard.



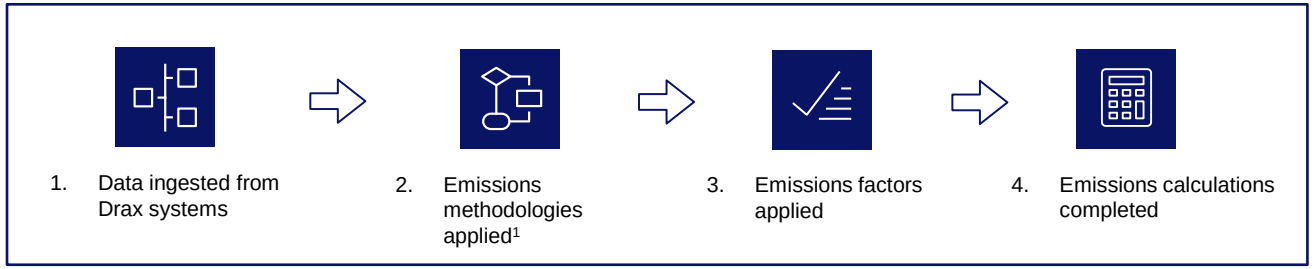
Our carbon emissions data reporting toolset

- Our carbon accounting and reporting system has enabled us to automate the collection, quality assurance and reporting of >80% of our total emissions reporting dataset. The remainder our emissions are collected manually via an externally audited process.

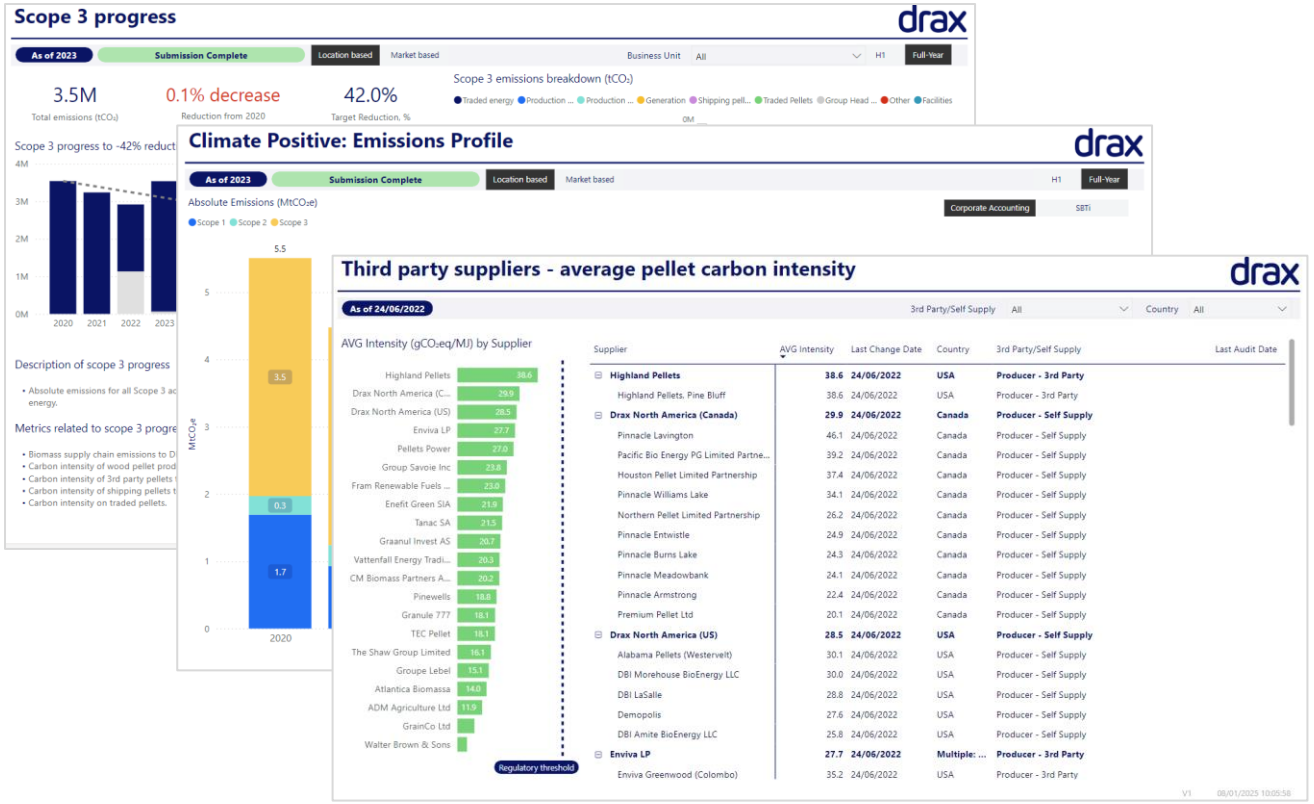
- The system sources raw emissions data (including conversion from underlying raw data sets such as financial invoice data, fuel meter readings etc), stores and updates emissions factors and performs the necessary calculations to generate our full Group emissions footprint across Scope 1, 2 and 3, according to the methodologies set out in our basis of reporting.

- The data, which is audited annually via our third-party auditor, is available for extraction by teams across the Group and aids with decision making with respect to developing new project ideas (see capital allocation process) and tracking the progress and impact of existing and completed decarbonisation projects.

- Our emissions data set is available for use across the business via **Microsoft Sustainability Manager** and includes our set of **PowerBI dashboards** (including SBTi-target progress tracking), an extract of which is shown across, right. These dashboards are used to regularly update the Drax Executive Committee and provide periodic updates to the plc Board as required.



[1] *Calculation specific methodologies such as the Net Efficiency/Round Trip method for Cruachan as an Energy Storage Asset*



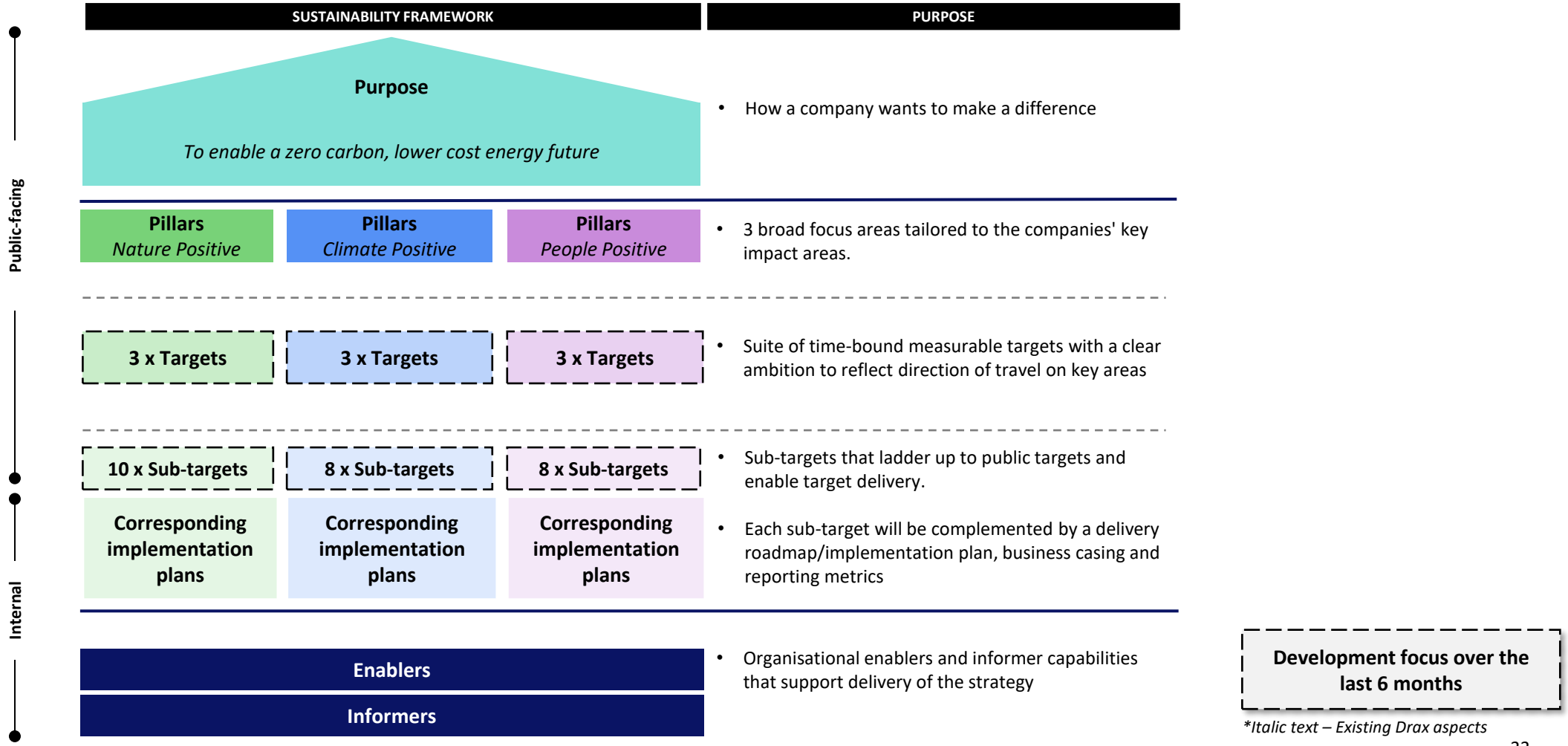
7.
Drax's 2030 Sustainability Framework

drax

POSITIVE ACTION

2030 Sustainability Framework Structure:

A robust, holistic, and transparent Sustainability Framework capable of delivering measurable positive impact requires multiple interconnected layers and components. While Drax had previously established essential elements such as its purpose and pillars, along with over 166 public and internal targets spanning various areas, these targets were often fragmented and lacked clear timelines. Over the past six months, Drax has worked to refine its approach, developing a new set of specific, measurable, achievable, relevant, and time-bound targets and sub-targets.



2030 Sustainability Framework

drax

POSITIVE ACTION

CLIMATE POSITIVE

- We will reach net zero by the end of 2040 across our value chain.
- We will deliver evidence on forest carbon stocks in all principal biomass feedstock sourcing areas by the end of 2026, using rigorous science-based approaches.
- We will further address the global climate crisis with positive contributions to climate change mitigation and adaptation by the end of 2030.

NATURE POSITIVE

- We will mitigate harm and promote circular resource use across our operations by the end of 2030.
- We will deliver biodiversity enhancements across all our sites by the end of 2030.
- We will support biodiversity and ecosystem resilience in our value chain, contributing to measurable restoration and conservation outcomes by the end of 2030.

PEOPLE POSITIVE

- We will keep building a fair, safe and inclusive workplace.
- We will continue to collaborate with our supply chain to promote fundamental human and labour rights, including those covered by the UN Global Compact and the UN Declaration on the Rights of Indigenous Peoples.
- We will partner with the communities we operate in, seeking to make a positive contribution to their lives and livelihoods.

SUSTAINABLE BIOMASS

We commit to sourcing biomass that delivers climate, nature and people positive outcomes, adhering to strict compliance, traceability, and third-party certification standards.

Robust biomass sourcing and certification

Drax sustainably sources biomass and receives assurances through leading certification bodies

Multiple controls and processes in place to ensure sustainable biomass sourcing

- The economics of forestry means usage of low-grade material
- Sourcing from regions where forestry regulations are well understood
- Voluntary certification schemes
- Sourcing policy supported by compliance procedures
- Regulations and compliance
- Post-harvesting studies, to track impact
- Independent Advisory Board of scientists and forestry experts
- Work with the sector to create a universal gold standard

The certification landscape is continuously evolving, from forest to carbon storage. Drax sources material with the certifications below, showing compliance with sourcing requirements:

- **Sustainable Biomass Program (SBP)** provides assurance that woody biomass is sourced from legal and sustainable sources.
- In 2023, 97% of biomass received at Drax Power Station was SBP Compliant.

- **Sustainable Forestry Initiative®(SFI)** Fibre Sourcing is a North American certification that promotes sustainable forest management.
- Drax holds a verified SFI® SCS-SFI-COC-005130 certification.

- **Forest Stewardship Council® (FSC®)** is a global certification ensuring that forests are managed responsibly with environmental, social, and economic benefits.
- Drax holds a verified FSC® SCS-COC-005130 certification.

- **Programme for the Endorsement of Forest Certification (PEFC)** is an international certification that endorses national forest certification systems, ensuring sustainable forestry practices.
- Drax holds a verified SCS-PEFC-COC-005130 certification.

People positive – Contributions to the community

Drax actively supports local communities through educational partnerships, skills development programs, and charitable donations.

Drax Foundation funds

STEM	**70,300** children in STEM education	**637** adults in STEM training
Nature	**20,860** people with access to community green spaces	**1,230** hectares protected or restored
Energy efficiency	**8** Schools with energy-efficient LED lighting	**240** schools with energy analysis tool and education

Community fund

Community fund	**222** Community projects supported	**26,628** Community members reached

Communities in crisis fund

Crisis fund	**7** crises supported in US, Canada, Morocco, Libya, Gaza-Israel

About the Drax Foundation

- The Drax Foundation was established to provide grant funding for non-profit organisations that share our commitment to improving equitable access to STEM education, nature and community green spaces, and renewable energy.
- We understand that non-profit organisations cannot deliver impactful programmes without core funding for overhead costs, and to support for some of the less photogenic aspects of their work. We often prioritise funding for these harder-to-fundraise-for areas.
- We recognise that each of our communities is unique. That's why we also operate a Community Fund that responds to the unique challenges and opportunities in each of these communities.
- Our Communities in Crisis Fund provides emergency aid in response to natural disasters, conflict, and other humanitarian crises.

Source: Drax Foundation Annual Review 2023

8.

Business unit deep dive

Individual action areas

drax

POSITIVE ACTION

8a

Scope 1 and 2 action plans

a) Generation carbon intensity
b) Non-generation Scope 1 & 2 absolute emissions reductions

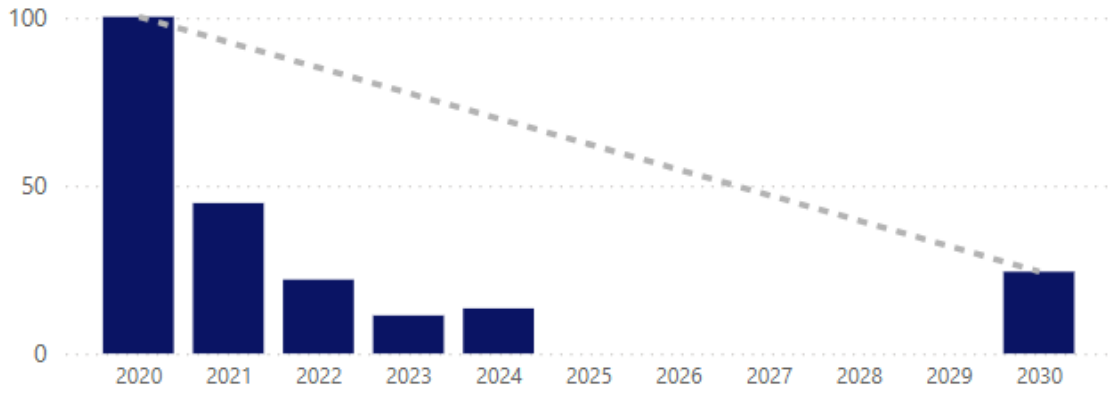
Generation intensity target – progress and breakdown

drax

As of 2024	Submission complete	Location-based	Market-based
13.4 Total Intensity ($kgCO_2/MWh$)	86.6% decrease Reduction from 2020	75.7% Target Reduction %	

75.7% intensity reduction required → 86.6% decrease achieved

Generation intensity progress to 75.5% reduction from 2020 ($kgCO_2/MWh$)



- The transition from coal to biomass has been the key driver in the reduction of our generation GHG emissions intensity*, on a kgCO2e/MWh basis
- Whilst a return to coal use at Drax Power Station is not a possible strategic path for Drax, the future running regime of our OCGTs assets (currently under construction) will impact our emissions intensity path and ability to meeting our 2030 target (see projection across)

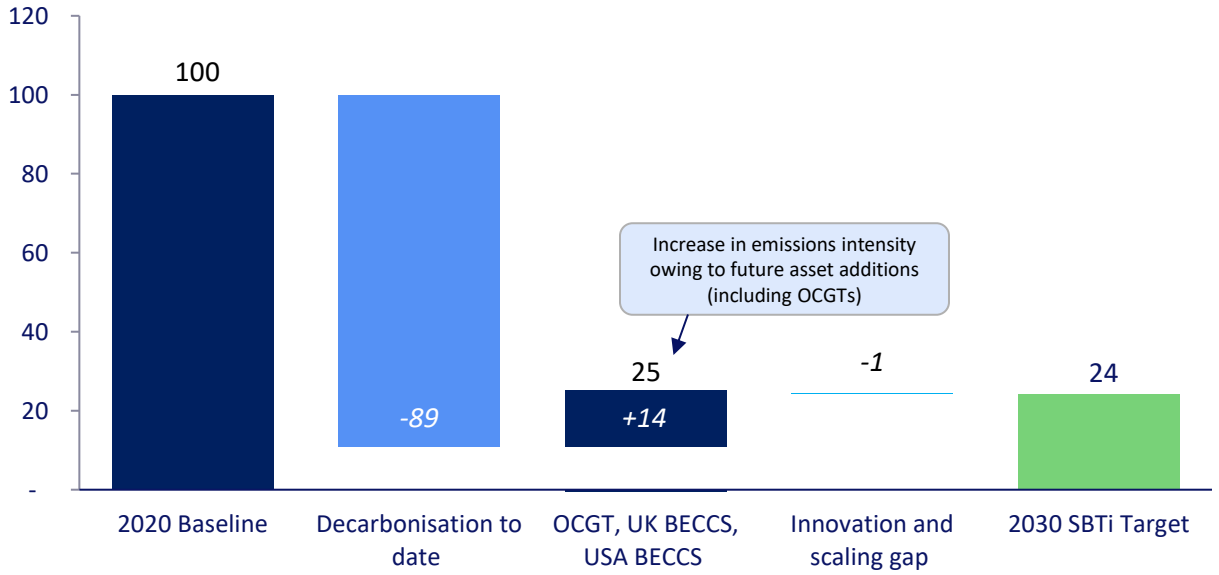
*biogenic emissions are reported on a 'net emissions basis', factoring in land sector removals, per R4 of the SBTi Net Zero guidance

Project list (in-flight and potential)

Project	Status	Carbon Benefit
SF6 Replacement project*	In-flight	Up to 24,000tCO2e**
Solar Deployment at our Hydro Sites	In-flight	Up to 1,000tCO2e
HFO Replacement Alternatives	In trials	Up to 50,000tCO2e

* Sulphur Hexafluoride used in electrical switchgear at Drax Power Station
**maximum risk-based assessment on fugitive emissions – not actual forecast emissions

Graph – Projected Generation Outlook - including OCGTs (2030):



Generation operations – Example future projects

We aim to reduce the carbon emissions intensity of our generation operations by 75.7% by 2030.
We have achieved an **86.6% reduction** as of 2024 vs 2020.

10% of committed additional reductions by 2030

Short- and medium-term goals (to Near Term 2030):

1. Build additional renewable generation capacity

Drax is committed to enabling a zero carbon, lower cost energy future and being a UK leader in dispatchable, renewable generation. Our generation sites are certified ISO 14001 for Environmental Management Systems. Following the conversion of four of our coal units to run on sustainable biomass, and our acquisition of Cruachan pumped storage hydro, and the Lanark and Galloway run of river sites, we are continuing to explore potential for increased renewable generation via the potential acquisition of additional generation assets.

Case study: We have committed a £80 million investment into the upgrade of our Cruachan units 3 and 4. This investment was underpinned by a 15-year Capacity Market agreement for the 40MW expansion of Cruachan, worth around £221 million between October 2027 and September 2042, providing additional capacity, power, and system support capability.

OCGTs - We are building 3 Open Cycle Gas Turbines in the UK, which will lead to an increase of GHG emissions disclosed in our footprint. We recognise the importance of short duration, flexible power in the UK grid over the medium term, to support energy security and manage margin volatility from intermittent renewables. The Group continues to consider longer-term options for these assets.

2. Source additional green electricity

Drax recognises the unique role that electricity generators play in scope 2 emissions. Our strategy for the reduction of scope 2 emissions uses the following hierarchy:

a) Improving efficiency of electricity use
b) Increasing generation from renewables to offset imported works power
c) Purchasing renewable electricity/ using Energy Attribute Certificates

Long term Target goals:

3. Investigate the potential to replace the use of Heavy Fuel Oils (HFO) for boiler start-ups

We are investigating the option of alternative fuels or technological solutions to replace the role of heavy fuel oil (‘**HFO**’) in start up and stabilisation of our boilers at Drax Power Station. In 2025, we continue to conduct feasibility testing of alternative fuels to replace our HFO use.

4. Investigate the potential to specify Pulverised Fuel Ash (PFA) from Barlow Mound in concrete and other suitable uses across all generation asset construction projects

Coal Pulverised Fuel Ash (PFA) is also known as fly ash, it is a byproduct of pulverised coal used in coal fired power stations. We are investigating the use of PFA in ready mixed concrete, concrete products and block manufacture, grouting, filling voids in the ground, road and paving sub bases and in piling, mixed with cement PFA can be injected through the augers to aid the formation of a pile. Investigations will provide references to approved standards and specifications for determining the quality of PFA and FBA in these uses in applicable Capital Projects and Maintenance opportunities across the generation portfolio. (see also Power Minerals deal[1]

5. Investigate the possible transition to biofuels for current diesel fuel operation.

Drax uses a number of fossil-based fuels for ongoing operations (gas turbines, emergency generation, auxiliary steam, site vehicles, fire pumps). Alternatives such as biofuels or electrification are currently being investigated to reduce emissions from these sources.

[1]https://www.drax.com/press_release/drax-agrees-20-year-deal-with-power-minerals-for-state-of-the-art-green-cement-factory/

Generation operations – Business unit overview

We aim to reduce the carbon emissions intensity of our generation operations by 75.7% by 2030.
We have achieved an **86.6% reduction** as of 2024 vs 2020.

10% of committed additional reductions by 2030

Risks and dependencies to our future plans

Outcome of future legal process with UK Government on a Subsidy Bridging Mechanism:
As we move beyond initial Heads of Terms for a post-2027 subsidy bridging mechanism, the ultimate outcome and final terms arising from future discussions with the Department for Energy Security and Net Zero with respect to the provision and conditions of a future subsidy regime may impact the level of future investment in decarbonisation projects for Drax Power Station[1].

Energy Storage System carbon accounting:
Drax's Cruachan Pumped Storage Hydro is recognised by the WRI as a front of the meter energy storage systems (FTM ESS). The current accounting guidance for an inventory of the scope 2 emissions attributable to a FTM ESS is that it should be based on the net consumed energy. This is in accordance with T&D accounting, where FTM ESS round trip efficiency losses are conceptually similar and should follow similar accounting practices. However, Drax is investigating the option of advanced time-based accounting methods which accounts for the grid balancing role that pumped storage provide, potentially further enhancing the contribution of pumped storage assets to the decarbonisation of the grid.

Validity of market-based mechanisms for renewable energy:
Following the GHG protocol's response to the "Scope 2 feedback" on unbundled Energy Attribute Certificates (EACs) for renewable electricity sourcing, we remain confident that EACs will continue to be recognized as a valid market mechanism for the procurement of renewable energy and remain in demand and in the example of Drax, have already led to additional environmental benefits as per our climate ambitions[1].

[1]Statements accurate as of February 2025

8a

Scope 1 and 2 action plans

a) Generation carbon intensity
b) Non-generation Scope 1 & 2 absolute emissions reductions

Pellet-making – Non-generation scope 1 and 2 target

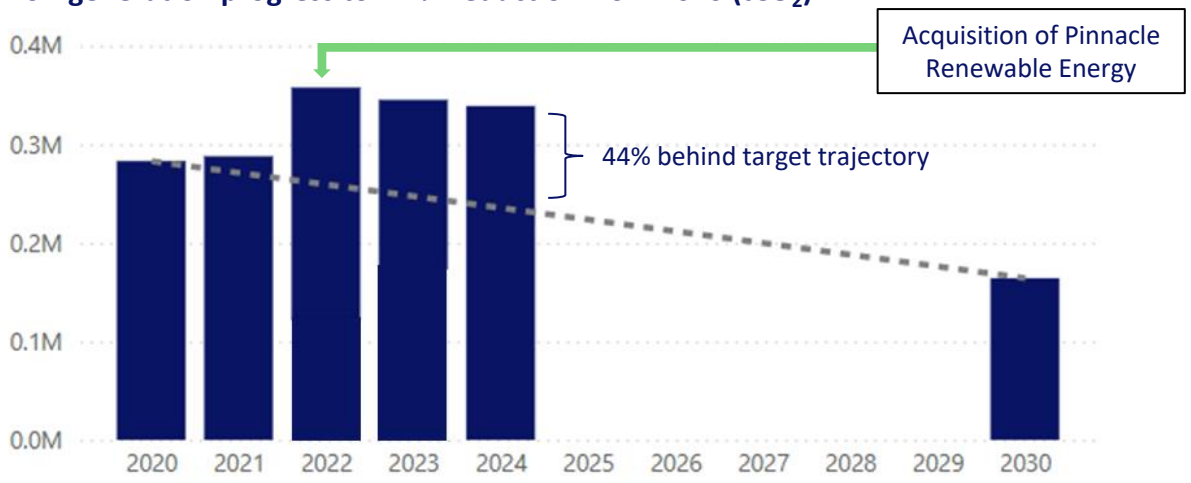
As of 2024	Submission complete	Location-based	Market-based

338.9k
Total emissions (tCO_2)

19.8% increase
Reduction from 2020

42.0%
Target Reduction %

Non-generation progress to -42% reduction from 2020 (tCO_2)



Pellet making is the primary source of emissions growth that has impacted our non-generation scope 1 and 2 target. Notably:

1. Upward trend in **pellet energy intensity per tonne** from 2020 and 2023, peaking in 2021 and now reducing (see chart across right).
2. Reliance on the use of natural gas for drying (Northern Ops.) and increased use within emissions abatement (Southern Ops. – Regenerative Thermal Oxidisers used for VOCs)
3. Increase pellet volume output (absolute increase in production) and associated energy consumption and future self supply target of 5mt per year (currently 4mt)

42% reduction required → 19.8% increase realised*

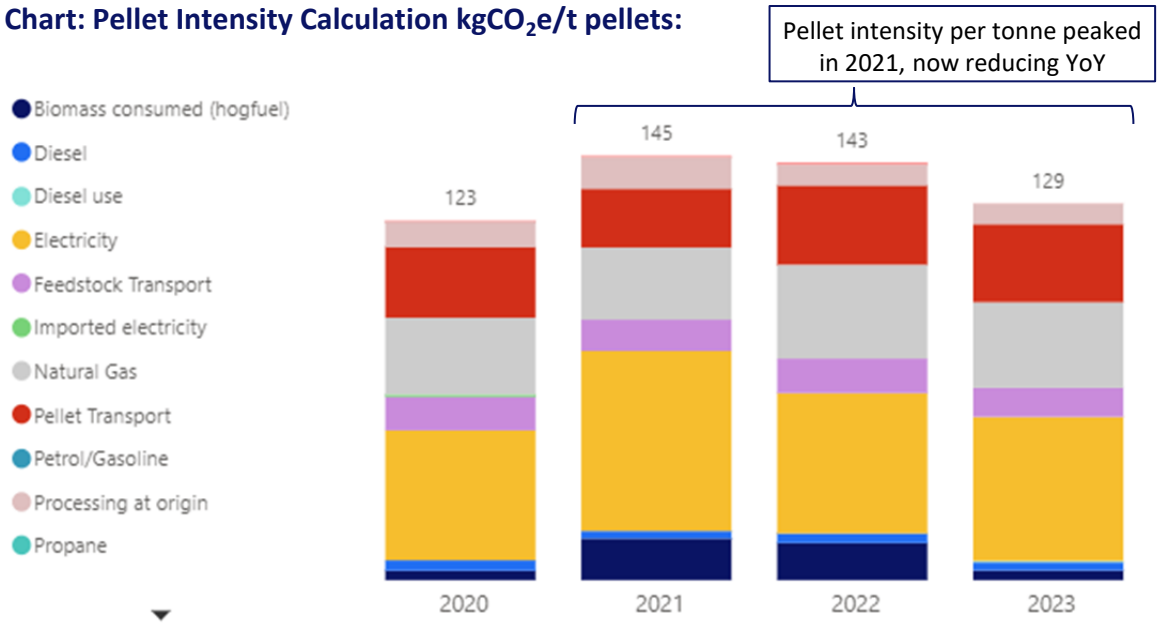
Projects in-flight (2025):

*2024

Project	Status	Carbon Benefit
Pellets Energy Optimisation Programme	In-flight	Up to 10,000tCO2e
Renewable vPPA Sourcing	In-flight	Up to 50,000tCO2e*
Waste Heat Recovery – Natural Gas Dryers	FEED Study	Up to 12,000tCO2e**
Alternative Fuels – Pellet Transport	Desktop studies	TBD

**dependent on volume and type of PPA sourced*
***Single pellet plant only*

Chart: Pellet Intensity Calculation $kgCO_2e/t$ pellets:



Pellet operations – business unit overview

We aim to reduce non-generation Scope 1 and 2 emissions by 42% by 2030 from our 2020 baseline. Pellet production has grown from 1.5 Mt in 2020 to 4 Mt in 2030

34% of committed additional reductions by 2030

Short- and medium-term goals (to Near Term 2030):

1. Energy Conservation and Efficiency in Pellet Production

Our focus here is on developing carbon efficient systems within our pellet manufacturing process. This is achieved via the implementation of our site-specific **Strategic Energy Management Plans (SEMP)**, which was formed out of our 2024 Group Bonus Scorecard Project. Typical actions include:

a) Compressed air leak audits and subsequent repairs
b) Lighting audits with LED conversions
c) Optimization reviews of large equipment

2. Fuel Switching

We are exploring opportunities to introduce alternative low carbon fuels within our processes. The goal is to significantly reduce our reliance on carbon intensive fuel sources. Current sources include:

a) Gasification / Pyrolysis
b) Waste Heat Recovery – see 2025 Bonus Scorecard project
c) Heat Pumps
d) Other electrification opportunities

3. Sourcing of Renewable vPPA opportunities

We are actively seeking opportunities to contract with renewable asset developers in order to purchase green power for our pellet facilities, in order to reduce our scope 2 emissions associated with electricity consumption – see Drax Group 2025 bonus scorecard

Long term Target goals (pellet operations):

4. Pellet rail transport in North America and the UK

Most pellet mills currently transport pellets using the least carbon intense method of transport: rail (versus road alternatives). Trains are approximately 3x more carbon efficient per kilometre transported per tonne, barge transport (for satellite plants) are also more 2x efficient than trucks.

Drax is now using 100% hydro-treated vegetable oil on all UK trains to deliver biomass pellets to Drax Power Station. We are exploring similar use cases for USA and Canada freight, where feasible. Furthermore, the Canadian National Railway has committed to reducing Scope 1 and 2 GHG emissions 43% per GTM by 2030 to 2019 base year. Union Pacific (USA) is targeting an increase of sustainable biofuel mix from 2.2% in 2020 to 20% in 2030. We will continue to explore opportunities with our suppliers of logistics services to jointly decarbonise our logistics operations.

Pellet operations – business unit overview

We aim to reduce non-generation Scope 1 and 2 emissions by 42% by 2030 from our 2020 baseline. Pellet production has grown from 1.5 Mt in 2020 to 4 Mt in 2030

34% of committed additional reductions by 2030

Risks and dependencies to our future plans

1. **Physical Site Footprint:** Most of our facilities are located on small plots of land in which makes expansions, or site additions, more difficult. This must be considered when ideas are proposed and engineered and could make some projects infeasible.

2. **Electricity Grid Intensity:** Many of our sites are in regions where the regional power intensity is relatively carbon intensive. This makes both electrification and decarbonization initiatives more complex as we consider potential projects. We are investigating potential projects that would reduce total emissions in this scope, including efficient technologies and vPPA implementation

3. **Fuel usage in cultivation, harvesting and/or transport to mills**: Forestry operations currently rely on predominately diesel-powered vehicles for forestry operations, diesel-operated woodchippers and felling equipment. Drax is depending on the industry advancements to alternative diesel fuels such as sustainable biofuels to be used. A similar timescale is expected for any pellet transport to the international port using trucks.

4. **Additional Site-Based Constraints**: our pellet plants must adhere to various operational parameters to ensure safe, sustainable, and compliant activities. Such parameters include adherence to our environmental permits, maximum power allowances, fibre baskets, process safety controls, and others. We must ensure that any changes or modifications to existing site processes are conducted in a manner to ensure these values are upheld. Detailed engineering and consideration is ongoing.

5. **Pellet Production Growth ambitions:** Drax's strategic ambition includes being a global leader in sustainable pellets and is currently set to increase pellet production from ~4 million tonnes of pellet in 2024 to ~5 million tonnes in 2030. A growth in Drax's pellet production capabilities would replace 3rd party pellet sourcing for our generation sites and thus shift a portion of our current scope 3 emissions to scopes 1 and 2. This may impact some of our 2030 near term SBTi targets which are split by scope and business activity.

8b

Scope 3 – action areas

Working with partners in our value chain to reduce our Scope 3 emissions footprint

Scope 3 emissions – progress overview

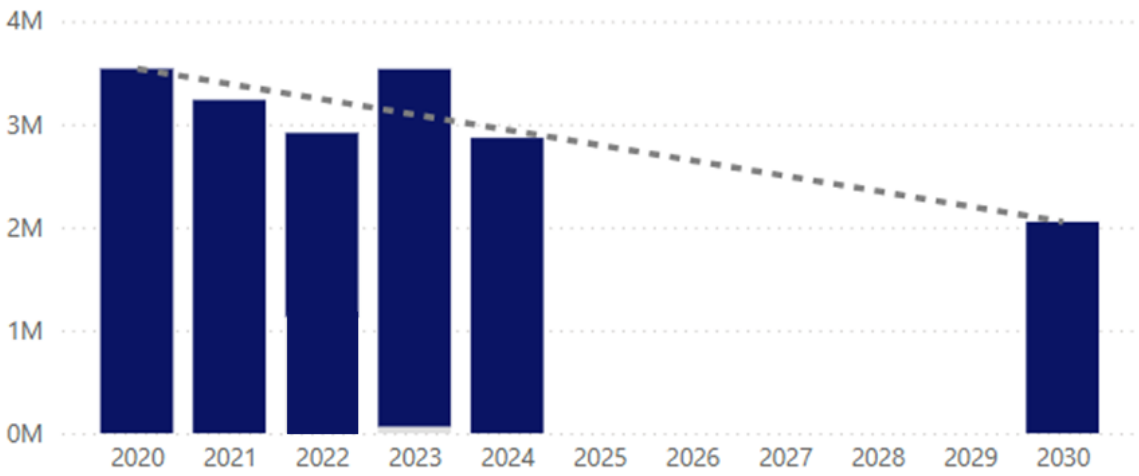
We aim to reduce our Scope 3 emissions by 42% by 2030 from our 2020 baseline.

62% of additional committed reductions by 2030

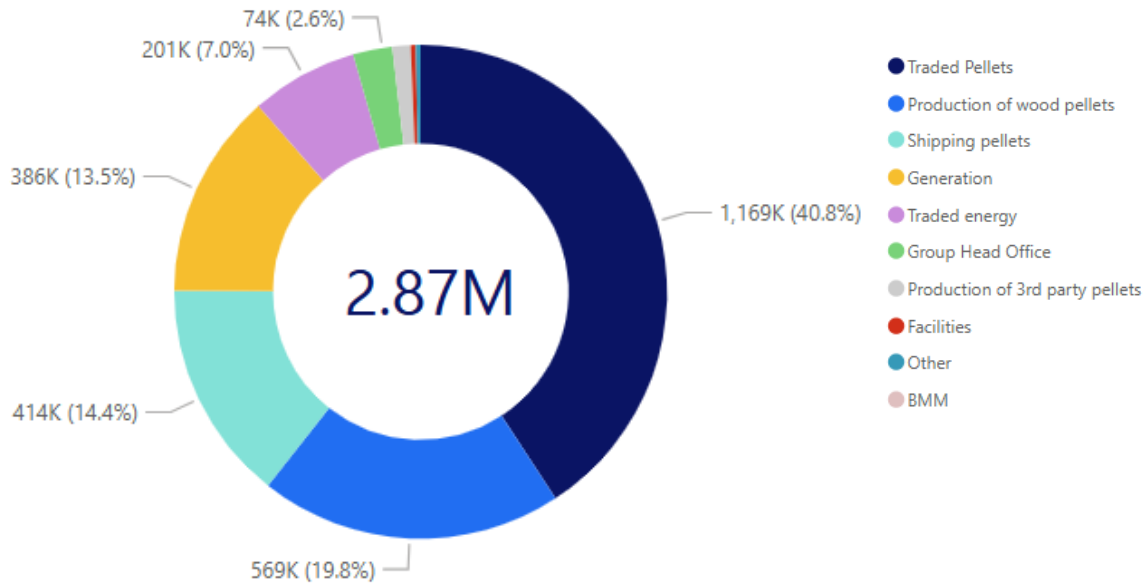
As of 2024 | **Submission complete** | **Location-based** | **Market-based**

2.9M	19.0% increase	42.0%
Total emissions (tCO_2)	Reduction from 2020	Target Reduction %

Scope 3 progress to -42% reduction from 2020 (tCO_2)



Scope 3 emissions breakdown (tCO_2)



- The primary driver of excess emissions (versus our target SBTi trajectory) in 2023 was a 635,000 tonne CO2e block of emissions that we accounted for as a result of agreeing to source 400,000 tonnes of coal as part of the Winter Contingency agreement that we signed with National Grid to help contribute to providing energy security for the grid over the winter of 2022/23
- The elimination of these emissions in 2024, alongside proactive decarbonisation projects underway has put us back on track with respect to our Scope 3 emissions target trajectory with a 19% decrease in 2024 versus our 2020 baseline (4% ahead of trajectory)

Biomass procurement emissions – Activity overview

We will continue to source biomass from 3rd party sources. We will optimise the trade-off between the emissions linked with the production of the pellets and the corresponding shipping distance incurred to reach the UK.

5% of additional committed reductions by 2030

Short- and medium-term goals (to Near Term 2030):

Procurement of low GHG pellets:

Activities associated with our use of third-party pellets make up a significant proportion (approximately 34%) of our total Scope 3 emissions footprint. In 2023, we completed a three-month trial of a third-party pellet procurement GHG model. The aim was to provide the third-party biomass pellet procurement team with the data required to assess pellets by their carbon intensity, as well as via standard commercial economic measures. The model modifies the price of new pellet contracts based on kgCO2e per tonne of pellets, imposing a financial premium to the contract price where pellet emission intensity takes us further away from our internal target. Following the trial, we intend to develop the calculator into formal decision support for the trading team to begin using formally in 2025.

2. Supply chain engagement

As part of the sustainability and compliance contract renewals for annual biomass deliveries, Drax has contractually set supply chain emissions limits to all pellets sold to Drax; employing the same threshold limit utilised for subsidy limits in our decarbonisation ambitions.

3. US BECCS supply chain: future reductions in emissions

Future BECCS operation in the USA are currently planned to source new sources of feedstock in the form of woodchips. In comparison to wood pellets, where a level of processing increases supply chain emissions, wood chips have a significantly low emissions profile, as they will be sourced locally and require far less energy intensive processing.

Risks and dependencies (see also: Logistics summary)

4. Deployment and availability of new vessels (3rd party deliveries)

There are currently limited commercial opportunities to place orders with shipyards for next generation alternative fuel vessels. It is clear from Drax's engagement with ship owners we currently use, and potential providers, that there is a range of detail in their roadmaps that affords us with opportunities, and it is encouraging that several of our major existing owners are advancing their own strategy which we can align to in the coming years.

5. Using vessel fuel consumption per journey compared to distance-based calculations

With the introduction of new IMO standards, ships are starting to provide more information for each journey. Drax currently has 3 time-chartered vessels in the Pacific and has been able to access the total fuel used for each journey, enabling us to generate more accurate emissions calculations for our time charter vessel journeys. However, we continue to relay on distance-based estimates for 3rd party journeys.

As we move into 2025, we expect the industry to provide more data, moving away from a distance-based emission factor to direct fuel consumption factors and can be captured in our Dataloy Freight System and reported via our in-house data solution. This will allow us to capture improvements in efficiency over time from the decarbonisation projects that we undertake with our shipping partners in the future.

Logistics emissions – Activity overview

A significant portion of Drax's supply chain emissions arise from the shipping emissions arising from the transport of pellets. These emissions are sensitive to the total volume of pellets consumed at Drax Power Station and sold to third parties.

10% of targeted additional reductions by 2030

Short- and medium-term goals (to Near Term 2030):

1. New vessels utilising alternative fuels

Our pellet trading and sourcing for Drax Power Station in the UK relies on bulk carriers from small coasters to Kamsamax sized vessels. We manage 200-250 voyages a year to the UK with a footprint of c 300,000 tCO2e representing a significant contribution to our footprint. Bulk Freight and associated emissions are currently reliant on Marine Gas Oil, and a shift into alternative fuels and new generation of ships has only recently become commercially available.

Drax has been in discussions with several of our largest providers (inc. Memorandum of Understanding with Ultrabulk and Mitsui Osaka Lines) regarding next generation vessels utilising alternative fuels, such as ammonia or methanol, and has also directly supported new companies such as Smart Green Shipping in bringing wind assisted propulsion to the market.

2. Develop fuel supply chain – bring supply to our port and the ports themselves

Alternative fuels require specialist supply chains, and it is our role to identify and enable these opportunities in the ports we use (esp. hubs such as Baton Rouge and the Humber) by working with refineries and bunker providers. The ports themselves are also able to provide shore power ('cold-ironing'), use renewable diesel, to electrify cranage and operations and to increase initiatives such as solar panel installation.

Long-term goals – 2030 and beyond (see also: Biomass procurement)

1. Shipping Efficiency measures

Vessels can today utilise low drag hull paint and propeller modifications as well as slow steaming to meet CII and EEXI obligations. We benefit from these savings in fuel consumption, and the addition of wind sails such as those supplied by SGS can further reduce consumption and is well suited to our east-west routes.

2. UK Rail

As electrification is limited on our UK rail network we have evaluated the use of bi-mode locomotives as well as alternative fuels. We have switched all Immingham train to Hydro-treated Vegetable Oil "HVO" during Q2-24 saving 10,000 tonnes of CO2 in our scope 3 emissions in 2024 at a cost of c £1.5m (just over 50% of our tonne-miles). We are expanding this to cover all UK rail lines for 2025.

3. UK Road

With our haulage partner we have trialled HVO in HGVs and have initiated discussions regarding full electric HGVs, where available.

<u>Dependencies</u>

1. Deployment and availability of new vessels (see previous slide)
2. Availability of alternative-fuelled land road transport at commercial scale
3. Using vessel fuel consumption per journey compared to distance-based calculations

Traded energy – Activity overview

Drax aims to source and sell 100% renewable energy and eliminate the sales of fossil fuel products (natural gas) to customers by 2030

52% of targeted additional reductions by 2030

Short- and medium-term goals (to Near Term 2030):

1. PPAs for procured and sold electricity

We source renewable electricity via PPA contracts from a range of UK based generators. Whilst we source the majority of this power from 100% renewable generators, some of our PPA contracts involve offtake agreements from Combined Heat and Power facilities that are only partially accredited as renewable. As a result, our PPA portfolio contributes approximately 50,000tCO2e annually[1], which we plan to reduce by working more closely with our PPA customers.

2. Offboarding of natural gas portfolio by 2024 (completed)

We have already ceased acquiring new gas customers, following internal processes and a regulatory driven 60-day grace period, no renewal contracts have been offered since May 2023. It is anticipated that the portfolio will be fully phased out by 2027. In 2023 and 2024, a scorecard target was set to achieve a reduction of supply volumes in the Opus Gas portfolio by the end of 2024.

3. Low GHG pellets sold to 3rd parties

Drax currently has contracts to purchase pellets from 3rd party pellet producers and sold to other end-users. Drax's strategic pillar is to be a global leader in sustainable biomass pellets and provide flexibility for future contracts. Drax aims to have the same sustainability and carbon standards for traded pellets and minimise emissions.

Dependencies

4. Electricity generators (PPAs) to provide accurate emission factors

The data set currently utilised for our portfolio of power purchase agreements ('PPA') assumes the average generation emissions per technology types from industry averages. For example, there is currently a portion of our PPA supply are from natural gas CHPs. Drax currently calculates those emissions as conventional gas emissions in the baseline, therefore the overall reduction potential should be less in reality.

The emission factors for bioenergy generators (eg: Anaerobic digestion) are estimated at the moment and would benefit from generators disclosing the actual CH4 and N2O emissions released electricity production phase.

[1]as at 2023 data set

Goods, services and construction emissions – activity overview

Our emissions from goods and services are currently estimated to account between 0.8 to 1.0 MtCO2e and have been identified as a source of emission of greater uncertainty with respect to data quality

5% of targeted additional reductions by 2030

Short- and medium-term goals (to Near Term 2030):

1. Procurement of lower carbon non-biomass goods and services

At present, the carbon emissions arising from purchased goods and services are estimated based on financial spend-based set of emissions factors. These factors were based on an analysis of 2019's spend profile and applied onto the subsequent years, based on Environmentally Extended Input-Output ('EEIO') model conducted by a 3rd party consultant. The input/output model is based on spend and is an efficient method to estimate supply chain emissions for the whole value chain, from cradle-to-gate. Based on this assessment, we are currently focusing on evaluating the top 80% of our annual spend, to better understand the carbon impact. In addition, for construction specifically, we are assessing how standardized emissions data should be exchanged with each building contractor and equipment purchased.

2. Procurement of lower carbon materials in construction

For the construction of our new BECCS assets and other capital projects (pellet plants and Cruachan), we will continue to focus on sourcing lower carbon versions of our two primary input components, those being steel and concrete. On 27 March 2025, we announced a deal with Power Minerals Limited to supply pulverised coal fuel ash as an ingredient for low carbon cement. This will facilitate the production of low carbon concrete, we may have the opportunity to utilise in our own capital project developments in the future.

Dependencies

3. Improving construction emissions estimates using primary data:

Drax relies on a series of spend-based emission factors to estimate the emissions from our capital expenditure for new capital developments/construction projects. The factors were based on an analysis of 2019's spend profile and applied onto the subsequent years. All emissions estimates assume the same distribution of emissions per good and capital spend. However, capital spend may be very different each year and inherently includes profit margins on spend rather than the use of raw materials for construction. Drax is looking at how standardized emissions data should be exchanged with each building contractor and equipment purchased, in order to improve the quality and accuracy of this data set.

4. Spend-based emissions factors

As noted above, since we do not own the EEIO model, the spend based emissions factors are not recalculated at the start of each year. The 2019 distribution of spend was used since the research was conducted. We are looking to improve this methodology with additional supplier engagement expected in 2025.

9.
Implementation and governance

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POSITIVE ACTION

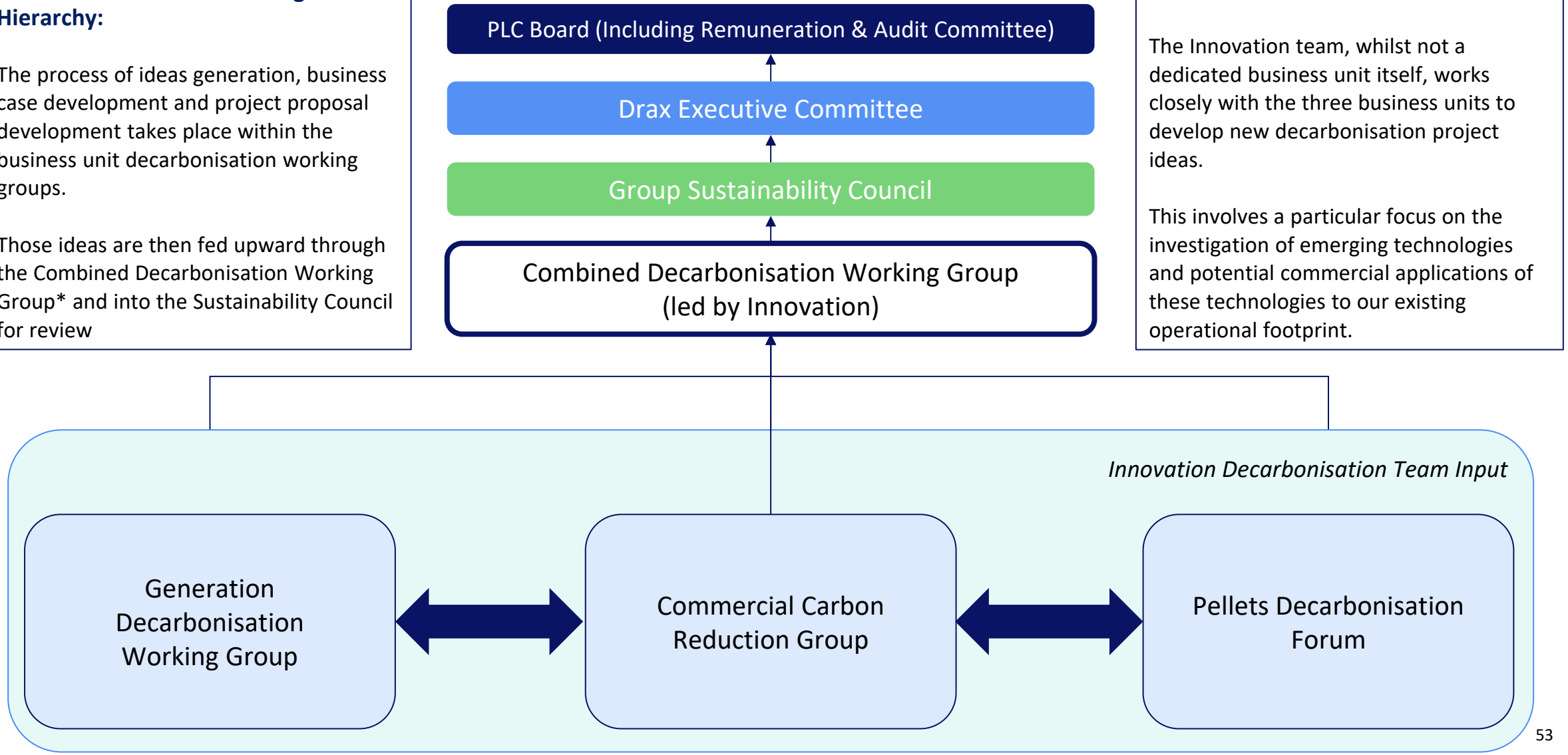
Decarbonisation governance: current group-wide structure

A Structured Decision-Making Hierarchy:

The process of ideas generation, business case development and project proposal development takes place within the business unit decarbonisation working groups.

Those ideas are then fed upward through the Combined Decarbonisation Working Group* and into the Sustainability Council for review

Decarbonisation Governance Structure:



The Role of the Innovation Team:

The Innovation team, whilst not a dedicated business unit itself, works closely with the three business units to develop new decarbonisation project ideas.

This involves a particular focus on the investigation of emerging technologies and potential commercial applications of these technologies to our existing operational footprint.

Trade associations and industry partnerships

With Scope 3 emissions forming in excess of 80% of our total emissions footprint, we cannot implement our decarbonisation strategy alone. We have formed partnerships with various trade associations and industry bodies with whom we can jointly develop new strategies to decarbonise our value chain, alongside those suppliers and customers with whom we are directly engaged in the course of executing our corporate strategy number of these initiatives are shown below, noting that this is not an exhaustive list.

Carbon removals

World Economic Forum:

Drax has joined the World Economic Forum First Movers Coalition, which includes a commitment to purchase 50,000 tonnes of durable and scalable carbon removals. The FMC is a coalition of companies using their purchasing power to create early markets for innovative clean technologies across eight hard to abate sectors. These in-scope sectors are responsible for 30% of global emissions – a proportion expected to rise to over 50% by mid-century without urgent progress on clean technology innovation

Centre for climate and energy solutions:

Drax is part of the C2ES Carbon Removal working group. C2ES is an NGO whose mission is to secure a safe and stable climate by accelerating the global transition to net zero greenhouse gas emissions and a thriving, just, and resilient Economy

Sustainability

Alliance of CEO Climate Leaders

Drax has joined the Alliance of CEO Climate Leaders – A group of 100+ CEOs who come together to encourage policymakers on an ambitious Paris agreement and to support bold climate action by setting ambitious targets, taking collective action, reducing own emissions, and inspiring others to do the same. Drax signed the open letter for world leaders at the United Nations Climate Change Conference (COP28)

World Business Council for Sustainable Development

Drax is a member of the World Business Council for Sustainability Development, within which we participate across various different relevant workstreams. We actively contribute to debate on various topics impacting Sustainability, including, but not limited to decarbonisation.

Decarbonisation governance: Board oversight and employee remuneration

Drax Group PLC Board oversight:

The Drax Board has ultimate accountability for climate-related risks and opportunities. The CEO and Executive Committee oversee and ensure that Drax effectively implements the business strategy, which are themselves aligned to decarbonisation objectives.

In 2023, Drax appointed Miguel Veiga-Pestana, Chief Sustainability Officer (CSO). A member of the Executive Committee, the CSO brings the Sustainability and Corporate Affairs functions into a combined unit and leads Group implementation of the sustainability programme.

The **Sustainability Leadership Team** provide regular sustainability updates for inclusion within the CEO Report to the Board. The Transition Plan update and progress are similarly updated during Full Year (see governance slide 53).

The Executive Committee conduct Quarterly Business Reviews, designed to ensure effective execution of strategic and operating plans. As part of this, the **Sustainability Leadership Team** provide updates on progress and challenges across our Sustainable Development Framework.

Linking climate performance to employee remuneration:

The majority of colleagues across the Group participate in the Annual Group bonus scheme. For most colleagues, including the Executive Directors, payment of a bonus is dependent on the delivery of performance metrics which make up the Group's Annual Bonus Scorecard.

The **Remuneration Committee** oversees the approach to remuneration, including making sure that ESG metrics are included each year. Financial metrics account for 60% weighting of the Scorecard, however strategic ambitions and ESG priorities are represented in the remaining 40%, including a 5% allocation to decarbonisation.

In 2025, the Committee considered a series of carbon reduction projects and have approved:

1. Solar Installations at our Hydro sites
2. Waste Heat Recycling FEED study for our gas dryers
3. Sourcing of renewable PPA for our pellets business

The Remuneration Committee will continue allocate a portion of our Annual bonus scorecard to decarbonisation projects going forwards.

Engagement with UK Government

UK Power: BECCS and a post 2027 Bridging Mechanism

Generation from biomass has continued to play a crucial role in UK energy security, and the case for the future role of BECCS in supporting UK energy independence and its net zero ambitions has strengthened during the last five years. However, achievement of the Group's strategic aim to become a global leader in carbon removals remains subject to the provision of a regulatory environment that is supportive of our BECCS technology.

The UK Government's Biomass Strategy was published in 2023, reaffirming support for biomass, whilst also explaining the potential design of a Power BECCS business model, which includes a 15-year CfD with a dual payment mechanism linked to both low-carbon electricity and negative emissions.

During 2023, the UK Government also provided an update on the next steps of the cluster sequencing for carbon capture, usage and storage (CCUS) programme, being the Track-1 expansion and Track-2 cluster deployment for both of which the Group is eligible, and under which support contracts could be negotiated and awarded over the coming years.

In February 2025, the UK Government announced the key elements of a non-binding heads of terms for a low carbon dispatchable CfD agreement for Drax Power Station. Subject to the required Parliamentary procedures and agreement of a final contract, this will enable Drax keep to all four units operational beyond March 2027.

Case Study: - Engaging stakeholders in the expansion of Cruachan Power Station

The UK Government has recognised that new long-duration, large-scale electricity storage (LDES) projects can play a pivotal role in delivering a flexible energy system to meet future needs and represent value for consumers. During 2023, Drax engaged with the Scottish Government, UK Government, the local community, and a range of other stakeholders to discuss the new investment mechanism to help enable investment in and promote new LDES projects such as the extension of Cruachan Power Station.

We welcomed the announcement in January 2024 that the UK Government had launched a consultation on an investment mechanism to support the development of new LDES projects, with an intention to develop a "cap and floor" mechanism to help give operators the confidence to progress with project developments. This mechanism would offer protection to consumers by providing a "cap" on the revenue that operators can earn, with some or all of the revenue earned over the agreed cap returned to the consumer and also provide revenue-certainty for operators by providing a guaranteed revenue should returns from operating assets drop below the agreed "floor".

We aim to continue to engage with key stakeholders in 2025 to secure the policy mechanism to support the expansion, while demonstrating the importance of Cruachan for energy security, and the benefits to the local community

10.
Our wider influence on society

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POSITIVE ACTION

Health and safety

We prioritise the physical and mental health, safety and overall wellbeing of Drax's direct employees, those working in our value chain and the communities where we operate. Drax's policies, processes and programmes have the responsibility to avoid causing harm to stakeholders and actively prioritise wellbeing with products, services and actions that enhance quality of life.

Drax's workforce consists of both employee and contractors who create different dynamics and considerations from a risk management perspective. Drax Group's facilities are highly complex and require careful identification, control, and mitigation of risk to operate safely and this includes Drax's management of health, safety and environmental risk.

Drax requires its Wellbeing strategy and culture to be tailored, deployed, prioritised and measured locally, across all Business Units to enhance maturity.

Diversity, equity and inclusion

Drax supports a diverse workforce and equal opportunities across our operations and value chain. Fostering an inclusive environment where colleagues, contractors and supply chain workers feel valued and respected. Drax is investigating its approach to recruitment, retention, workplace culture, procurement and how it can support the communities we operate in.

Drax is looking at relevant DEI benchmarks that could be tracked to proactively address global issues of social exclusion and inequity in the supply chain and marginalised communities.

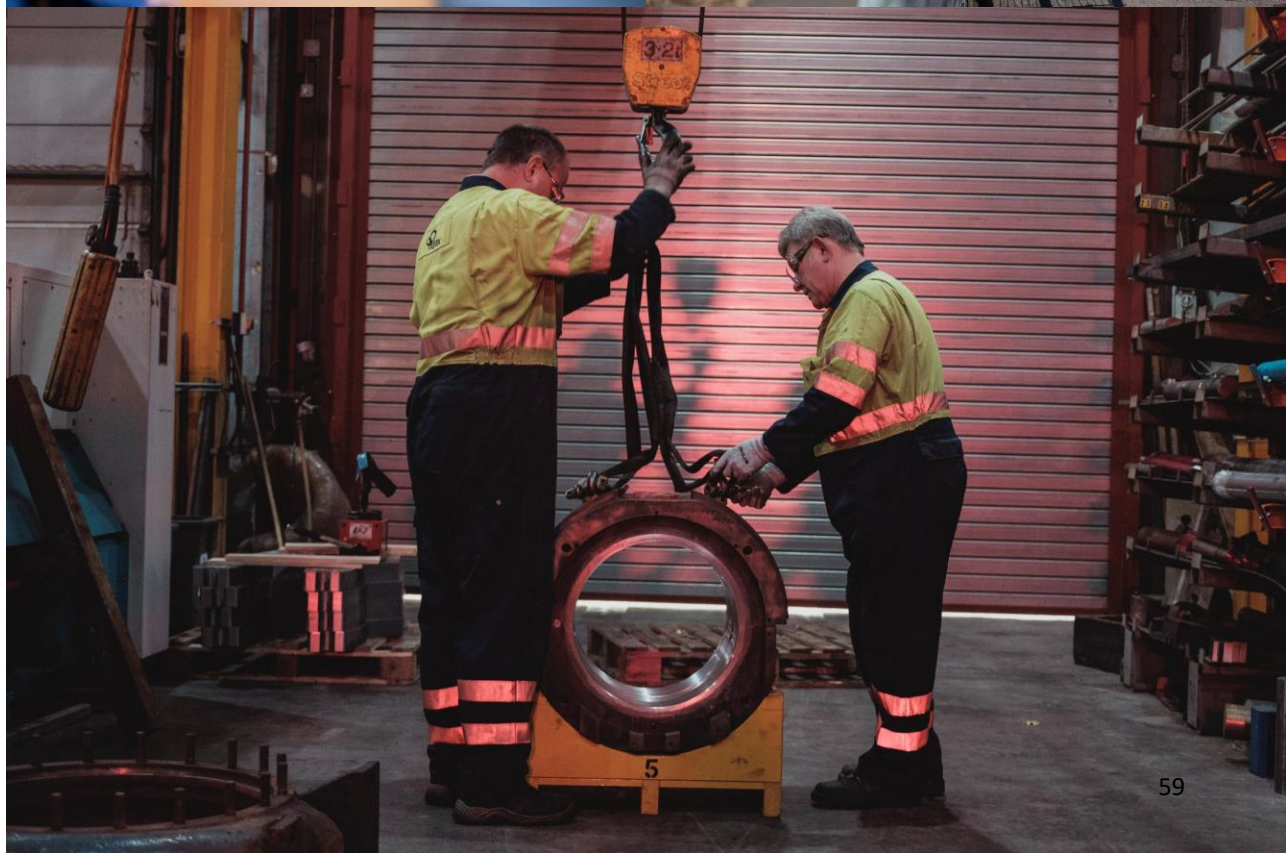
Labour practices and human rights

Drax requires itself to contribute to a prosperous society in which people thrive economically. This starts from a basic level of respecting human rights to providing and promoting decent work but also extends to the taxes it pays and to the affordability and accessibility of the products or services it sells. Drax regularly receives requests for additional information relating to social sustainability in pre-qualification forms for tender, tenders and bids requests. In order to drive improvements in this area, we are committed to:

1. **More due diligence and compliance monitoring** for Drax's suppliers, leading to better supply chain transparency and supplier data. Good quality supplier data is the first step in effectively assessing risk, mapping supply chains and conducting due diligence to enable continuous improvements for the people within our operations and broader supply chains.

2. Drax is looking to **invest in supplier portals** to provide adequate insight and effective management of suppliers. They also reduce workload and liability as the responsibility of data input rests with the supplier. The portals enable supply chains to disclose all relevant and evolving information fully. These systems enable SAQs, annual due diligence, effective supply chain mapping, and supplier performance reviews.

3. Developing and refine our responsible sourcing strategies to better monitor Human Rights and other ESG criteria with our supply chain and identify knowledge gaps more effectively



Community engagement

Engagement and development

Drax looks to continuously engage colleagues, workers in our value chain and affected communities in training and development opportunities to foster shared learning and advance skills and professional development. Identifying and developing opportunities for learning and training are critical for Drax's business growth, reputation, continuity and adaptability. This is not only for existing employees, but also to help build a healthy pipeline of talent with the right skills and increase representation.

Community engagement

Drax has wide-reaching impact for several stakeholders, it is the key for a company to create dialogue and opportunities for engagement to meet different needs, act inclusively and promote environmental justice, including advocating for the rights of defined communities.

Through its community team, Drax continues to look at ways to engage communities and give back through social investment programmes. Recently, Drax received an ISS ESG Corporate Rating of B—(Prime). We aim to improve this rating by focusing on health and safety, work-life balance, labour practices, and employee training and development.

Thank you

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Glossary

Absolute emissions:	Quantity of greenhouse gas (GHG) emissions in terms of mass of GHG or tonnes of carbon dioxide equivalent (CO_2e). In contrast with emissions intensity.
Absolute Contraction Approach (ACA)	All companies reduce their absolute emissions at the same rate, irrespective of initial emissions performance.
Long-term	Drax refers to “long-term” relevant actions, risks and opportunities starting from 2040.
Medium-term	Drax refers to “medium-term” relevant actions, risks and opportunities starting from 2030 to 2040
Net-zero	A company’s is Net zero when its anthropogenic emissions of GHGs to the atmosphere are balanced by anthropogenic removals over a specified period
Net-zero (SBTi) target	A net-zero science-based target is a GHG mitigation target that implies: • Reducing scope 1, 2, and 3 emissions to zero or a residual level (around 90%) consistent with reaching global net-zero emissions or at a sector level in eligible 1.5°C-aligned pathways; and • Permanently neutralizing any residual emissions at the net-zero target year and any GHG emissions released into the atmosphere
Carbon Dioxide Removals (CDRs)	Anthropogenic activities separating CO_2 from the atmosphere and storing it durably in geological, land or ocean reservoirs, or in products
Carbon credit	Tradable instrument that represents the reduction or removal of one metric tonne of carbon dioxide or its equivalent in other greenhouse gases, which can be bought and sold on carbon markets to help individuals, organizations, or countries achieve their decarbonisation objectives.
SBTi Near-term target	A SBTi target set within a 5-10 year timeframe from the date of submission to SBTi. Drax’s SBTi target is set to 2030, and is a target based on a global carbon budget approach set to limit warming to 1.5°C above pre-industrial levels.
Short-term	Drax refers to “short-term” actions, risks and opportunities in the time span prior to 2030
Zero-rated biomass	Combustion of biomass or biomass-based products in the energy sector is counted as generating zero emissions of carbon dioxide, because net carbon dioxide emissions resulting from changes in biomass carbon stocks are already accounted for by the Agriculture, Forestry and Land Use (AFOLU) sector. This accounting principle was introduced by the IPCC to avoid double counting of emissions.