Drax Group plc
2025 Taskforce on Nature-related Financial Disclosures Report

Aligned with the recommendations of the Taskforce on Nature-related Financial Disclosures V1.0

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drax



Heron opposite Tongland Power Station, Galloway Hydro Scheme, Scotland

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Clatteringshaws Loch, Galloway Hydro Scheme, Scotland

Important notice and disclaimer

Disclaimer

This document has been prepared to provide external stakeholders with detailed information regarding our Taskforce on Nature-related Financial Disclosures (TNFD) report, including our Sustainability Framework. 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 the **Risk & Impact Management** section of this report.

Reconciliation at Drax

Drax is committed to building respectful, meaningful, and lasting relationships with Indigenous Peoples where we operate. We recognise and respect the rights, cultures, traditions, and knowledge of Indigenous Peoples and are guided by the principles set out in the Universal Declaration of Human Rights (UDHR), the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), and ILO Convention 169.

Through meaningful engagement, transparency, and free, prior, and informed consent (FPIC), we strive to foster trust, support Indigenous participation in our business, and create opportunities for shared prosperity. Drax endeavours to conduct its operations in an environmentally responsible manner and to work collaboratively with Indigenous communities to advance initiatives that contribute to long-term social, cultural, environmental, and economic well-being.

We have prepared this land acknowledgement in recognition of Drax's activities in Canada and continue to mature our understanding and actions on meaningful recognition and reconciliation globally.

See page 23 to find out more about social and community engagement at Drax.

Land Acknowledgement

A land acknowledgement (or territorial acknowledgement) is considered a respectful, yet political, statement that acknowledges the colonial context of the Indigenous territory/territories where a gathering is taking place. It recognises relationships between land and people, and in particular Indigenous peoples' continued presence on the lands being acknowledged[1].

We respectfully acknowledge that Drax plants and offices across Turtle Island in North America are located on the traditional, treaty and unceded territories of First Nations, Inuit and Métis peoples. And we acknowledge the deep and sacred connection that Indigenous Peoples have with this land. Our acknowledgement also invites us to learn more about the histories of these Indigenous Peoples and to take thoughtful steps toward reconciliation.

1 University of British Columbia (2026) *Distance research: Land acknowledgements*. Available at: https://guides.library.ubc.ca/distance-research-xwi7xwa/landacknowledgements



Left to Right: Matt White, Executive Vice President – Corporate, Drax; Percy Guichon, Councillor, Tŝideldel First Nation; Will Gardiner, Group Chief Executive, Drax at Tŝideldel First Nation

Foreword to our stakeholders



Ross McKenzie
Chief Corporate Affairs
& Sustainability Officer

> Climate change is often described as the defining challenge of our time. Increasingly, however, we're coming to understand that climate and nature are intrinsically linked.

That's why I'm pleased to share Drax's first **Taskforce on Nature-related Financial Disclosures (TNFD) report**.

A secure energy transition depends on more than reducing emissions. Long-term economic growth, resilient communities and thriving industries all rely on healthy natural systems. Nature underpins the resources, ecosystems and livelihoods that societies depend on every day. That is felt most directly in the communities around our sites and in the forests we source from, and it is why we work alongside those communities, and with Indigenous Peoples whose relationship with the land shapes how we operate.

As investment in renewable energy continues to accelerate, understanding the relationship between climate, nature and people is becoming increasingly essential; in particular, discussion is focusing on how we can better align all three. This report is an important step toward better understanding Drax's nature-related dependencies, impacts, risks and opportunities.

Our assessment showed important considerations for nature at our operations and in our value chain. Water is central to Drax's biomass energy generation and hydropower operations in the United Kingdom. Significant interface with nature sits upstream in our supply chain in the forests that supply our biomass, making the south-eastern United States and Canada priority regions for action.

We are already responding by developing Nature Positive Action Plans for our sites and priority sourcing areas – building on work underway at Drax Power Station to reclaim and restore industrial land at Barlow Mound and at our Scottish hydro assets, where we are helping critically endangered European eels migrate past Tongland Dam.

We would rather show our workings than wait for a perfect picture. As a result, this report sets out what we have learned and where we are continuing to develop.

Transparency is an important part of that journey; it's not the end of the work, it's how we hold ourselves accountable.

We welcome continued dialogue with our stakeholders as environmental, social and governance disclosure continues to evolve and as businesses work collectively to build trust and improve understanding of nature-related impacts.

Drax's Board and Executive Committee remain closely engaged in overseeing our sustainability strategy and ensuring that considerations around climate, nature and people are embedded in how we make decisions across the business.

I look forward to continuing to share our progress as we work towards delivering our nature-positive commitments.

About this report

At Drax, sustainability is embedded in our mission to help meet the world's increasing demand for secure energy, sustainably. Our Sustainability Framework, launched in 2025, sets out how we're taking action to help decarbonise our operations, to protect and enhance nature, and to support people who work with and alongside us. This TNFD report delivers on our Sustainability Framework target to publish our first fully aligned Taskforce on Nature-related Financial Disclosures (TNFD) report by the end of 2026.

Our report has been prepared according to the Taskforce on Nature-related Financial Disclosures Recommendations Version 1.0[1]. It presents Drax's progress on TNFD's six general requirements and four disclosure pillars. This report serves as a foundational step in advancing Drax's commitment to positive action for nature and to continuous improvement, rather than a final product.

As part of this work, we have applied the TNFD's Locate, Evaluate, Assess and Prepare (LEAP) guidance, to further inform our understanding of location-specific considerations in our company's interface with nature and opportunities for action. We also referred to the TNFD's additional sector guidance for electric utilities and power generators and forestry, pulp and paper.

1. Recommendations of the Taskforce on Nature-related Financial Disclosures, September 2023 https://tnfd.global/wp-content/uploads/2023/08/Recommendations-of-the-Taskforce-on-Nature-related-Financial-Disclosures.pdf?v=1734112245



The red-cockaded woodpecker is endemic to the southeastern United States where Drax operates pellet plants.



In Scotland, the willow tit is restricted entirely to the region of Dumfries & Galloway where we operate our Galloway Hydro Scheme.



Caribou occurs across much of Canada and is recognised as a priority species.

TNFD Disclosure Overview: Report Structure and Guidance

Governance



A. Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities.
See pages 26–27

B. Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities.
See pages 26–27

C. Describe the organisation's human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organisation's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.
See page 22

Strategy



A. Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term.
See page 31

B. Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organisation's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.
Disclosure in development

C. Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios.
Disclosure in development

D. Disclose the locations of assets and/or activities in the organisation's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.
See pages 32–33

Risk and impact management



A(i) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations.
See page 38

A(ii) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s).
See page 40

B. Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities.
See page 39

C. Describe how processes for identifying, assessing, prioritising and monitoring nature-related risks are integrated into and inform the organisation's overall risk management processes.
See page 38

Metrics and targets



A. Disclose the metrics used by the organisation to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process.
See pages 47–54

B. Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature.
See pages 47–54

C. Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.
Disclosure in development

TNFD Engagement: Timeline

Drax has engaged with the TNFD and its development since 2021, enhancing our approach to nature positive:

2021

- Drax introduces Nature Positive as one of its three sustainability pillars.
- Drax becomes a member of the TNFD Forum, registering early interest and support in enhancing corporate nature action and disclosure.

TNFD Forum Member

2022

- Drax is selected to pilot the TNFD framework with pilot partner WBCSD.

World Business Council for Sustainable Development

- Drax incorporates TNFD aligned information in 2022 Annual Report.

Taskforce on Nature-related Financial Disclosures

2023

- Drax participates in the WBCSD TNFD Energy pilot working group testing the TNFD framework components specifically for our hydro sites and provided feedback to inform the final recommendations.
- Drax as a member of the WBCSD Forest Solutions Group, shared its expertise in the development of the TNFD Forest Sector Additional Guidance.

Forest Solutions Group

- Drax incorporates TNFD aligned information in 2023 Annual Report.

2024

- Drax becomes an Early Adopter of the TNFD.



- Drax works with NatureServe to establish a biodiversity baseline across our US South Pellet Production catchment areas.

NatureServe

- Drax carries out LEAP assessment for Drax Power Station.
- Drax incorporates TNFD aligned information in 2024 Annual Report.

2025

- Drax publishes Group Nature Policy and launches Sustainability Framework, including target to publish first fully aligned TNFD disclosure by the end of 2026.
- Drax expands LEAP assessment to consider biomass supply chain.
- Drax prepares Nature Positive Action Plans for Drax Power Station, Lanark and Galloway Hydros and Cruachan Pumped Storage.
- Drax enhances TNFD aligned information in 2025 Annual Report.
- Drax participates in the Nature Positive Initiative State of Nature Metrics terrestrial piloting programme. Read more on page 50.

About Drax: Our Operations and Business Model

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Drax Power Station, Selby, United Kingdom

An overview: our business model and operations

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

£2.49 billion[1] Market Capitalisation (LSE:DRX)	**FTSE250** Company	**>2,600 employees** Across 4 countries	**>4 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.

The UK's biggest power station and largest source of renewable power, 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 SBP (Sustainable Biomass Program) certified sources in North America for Drax Power Station.

Our range of Flexible assets provides support to the system, balancing supply and demand caused by the variability of intermittent generators like wind and solar.

We will continue to evaluate options for BECCS in the UK, US, and globally, subject to the right fiscal and regulatory regime in the future.



Source: London Stock Exchange

[1] As of 15th June 2026

An Overview: Our Business Model and Operations

Our Purpose is to enable a zero carbon, lower cost energy future.

Our diversified, dispatchable, and renewable portfolio generates consistent, flexible and secure energy for the UK

The energy we generate equates to c.10% of the UK's total renewable electricity generated



Flexible Generation and Energy Solutions (FlexGen)

Our portfolio of flexible generation and energy solutions includes c.2.1GW of long- and short-duration storage and flexible generation.

Our FlexGen facilities provide dispatchable power that provides 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.



Pellet Production

We are a vertically integrated producer, user, buyer, and seller of sustainable biomass. Producing wood pellets for use for generation at Drax Power Station and for contracted sales to third parties in Asia and Europe.

Drax believes in the role that biomass provides to supply low carbon fuel for electricity generation. Our generation is supported by high sustainability standards as depicted in our Biomass Sourcing Policy.

Drax continues to assess options for own-use and third-party sales.



Drax Power Station Site (DPS)

Our 4GW site comprises four flexible and independent biomass units providing 2.6GW of capacity for secure 24/7 renewable power – capable of generating enough renewable electricity to power the equivalent of over eight million homes and a wide range of system support services.

Our new low carbon dispatchable CfD will support energy security into the 2030s providing dispatchable low carbon or renewable generation whilst supporting the rollout of intermittent renewable generation. This redeployment of Drax Power Station will be core in enabling the transition with 24/7 renewable energy.



Options for growth

Options to invest in growth – energy security, data centres, and flexible, renewable energy, including a 0.9 GW operational solar and wind assets and 2.9 GW scale pipeline of BESS, wind, and solar opportunities from our BSIF acquisition.

Drax Power Station site offers development options to utilise 4GW of capacity and grid access. Planning is in development for potential option for c.100MW data centre. Develop system support capabilities and FlexGen.

Our growth options are aligned to potential economic opportunities within the climate transition, where we aim to support growing markets. This includes our BSIF acquisition aimed at supporting UK energy system needs.

At a Glance: The Drax Global Value Chain

c.5Mt p.a. of capacity

Across

14 plants in the USA and Canada and use of third-party supply of responsibly sourced pellets

4 deep water ports, accessing Asian and European markets



0.4 GW capacity

Cruachan pumped storage hydro power station

0.1 GW capacity

Lanark and Galloway hydropower schemes

0.9 GW capacity

OCGTs (when fully commissioned)

0.7 GW capacity

BESS (when fully commissioned)

4 GW capacity

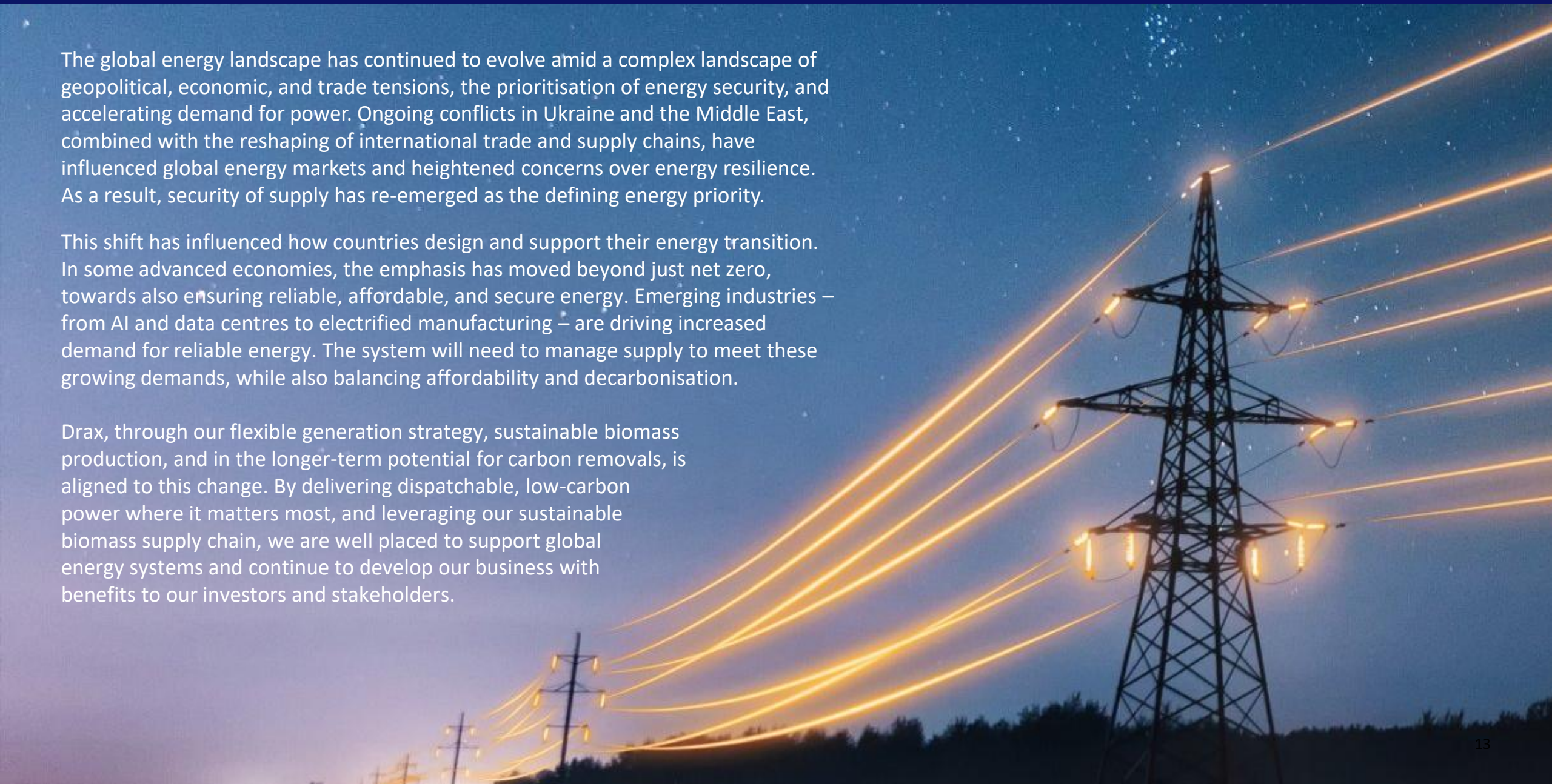
Drax Power Station

Our Strategy in an Evolving Market Context

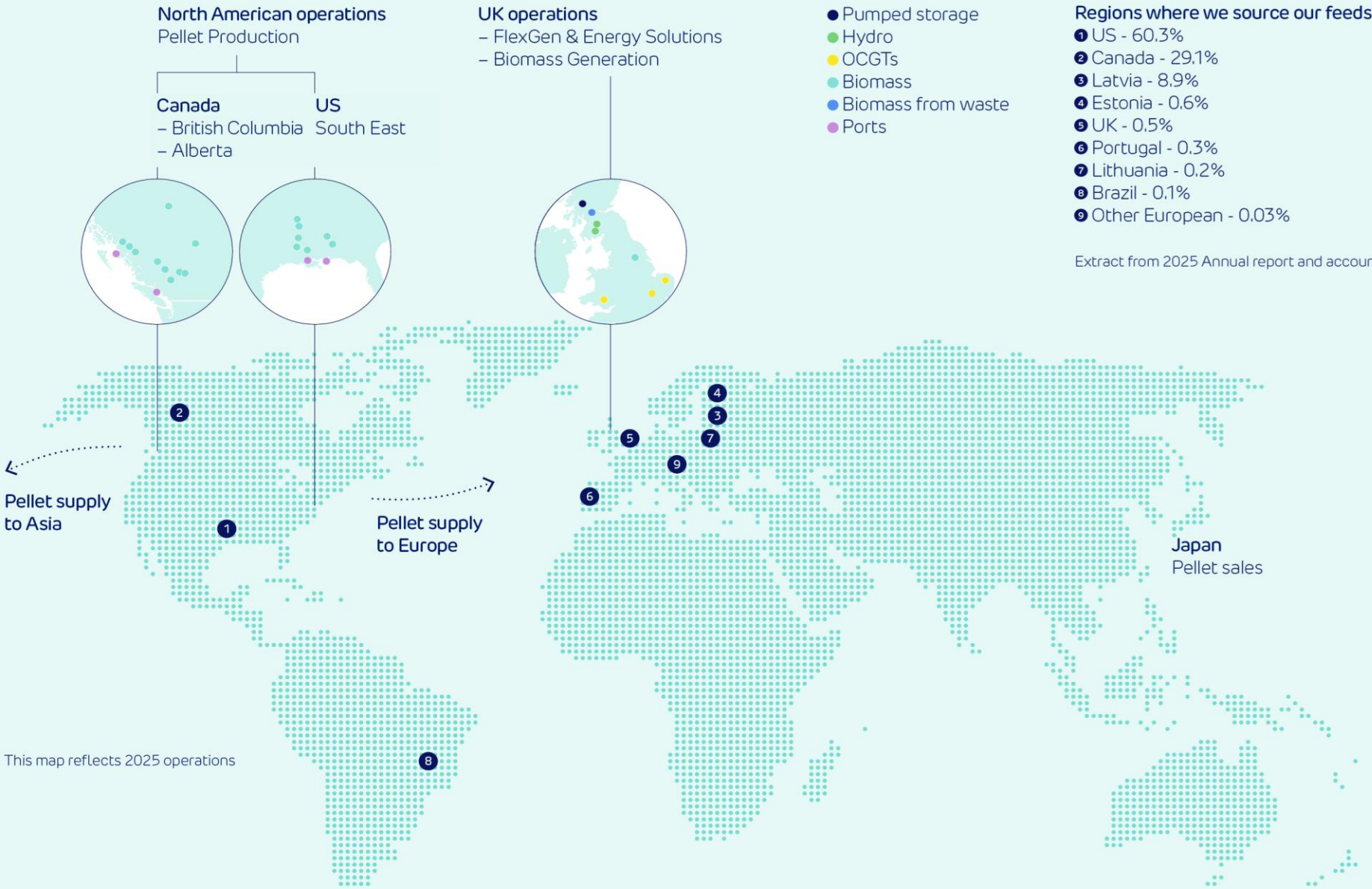
The global energy landscape has continued to evolve amid a complex landscape of geopolitical, economic, and trade tensions, the prioritisation of energy security, and accelerating demand for power. Ongoing conflicts in Ukraine and the Middle East, combined with the reshaping of international trade and supply chains, have influenced global energy markets and heightened concerns over energy resilience. As a result, security of supply has re-emerged as the defining energy priority.

This shift has influenced how countries design and support their energy transition. In some advanced economies, the emphasis has moved beyond just net zero, towards also ensuring reliable, affordable, and secure energy. Emerging industries – from AI and data centres to electrified manufacturing – are driving increased demand for reliable energy. The system will need to manage supply to meet these growing demands, while also balancing affordability and decarbonisation.

Drax, through our flexible generation strategy, sustainable biomass production, and in the longer-term potential for carbon removals, is aligned to this change. By delivering dispatchable, low-carbon power where it matters most, and leveraging our sustainable biomass supply chain, we are well placed to support global energy systems and continue to develop our business with benefits to our investors and stakeholders.



Where Drax operates



Drax Sustainability Framework - 2025

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POSITIVE ACTION

Sustainability Framework

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.

TNFD General Requirements

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Skylark Nature Reserve at Drax Power Station, Selby, United Kingdom

General Requirement #1 - Application of Materiality

Material topics for this TNFD report were informed by Drax's 2024 double materiality assessment and a desktop assessment of nature-related dependencies, impacts and pressures using the **Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE)** tool.

The double materiality approach considers sustainability issues relevant in terms of their potential impact on the financial performance of Drax, but also in terms of how our business activities affect the environment and society.

For this first comprehensive TNFD report, Drax sought to apply TNFD's core and sector-specific metrics for Electric Utilities and Power Generators, while also considering ongoing initiatives related to biomass sourcing, consistent with the findings of the double materiality assessment, including the identification of responsible procurement and sourcing as a material topic.

For more on Drax's materiality, see Materiality

Drax Double Materiality Assessment 2024

Material Topic (A-Z)	Link to Sustainable Development Goal (SDG)	Impact Materiality	Financial Materiality	Page Link
Air pollution	3, 13, 14, 15	●●●○	●●●○	51
Biodiversity and ecosystems	12, 14, 15	●●●○	●●○○	46
Circular economy and waste	6, 12, 14, 15	●○○○	●○○○	46
Climate change mitigation and adaptation	7, 9, 12, 13, 15, 17	●●●●	●●●●	40
Community impact	4, 5, 7, 8, 10, 13, 14, 15	●●●●	●●●○	57
Corporate culture, ethics and compliance	16, 17	●●●○	●●●○	53-54
Data privacy and management	16, 17	●●○○	●●○○	52
Diversity, equity and inclusion	3, 4, 5, 8, 10	●●○○	●●○○	52
Employee health, safety and wellbeing	2, 3, 6, 8	●●●○	●●●○	51-52
Energy management and consumption	7, 12, 13	●●●○	●●○○	38
Fair and equitable compensation	5, 8, 10	●●○○	●●○○	52
Human and labour rights	1, 2, 4, 5, 8, 10, 16	●●○○	●●○○	51,53
Political engagement and lobbying activities	10, 16, 17	●●○○	●●●○	53
Responsible procurement and sourcing	3, 5, 7, 8, 9, 10, 12, 13, 15, 16, 17	●●●○	●●●○	22
Responsible products and customer relations	7, 8, 10, 11, 13, 16, 17	●○○○	●○○○	22
Rights of indigenous peoples	1, 2, 4, 5, 8, 10, 11, 15, 16	●●○○	●●○○	55
Soil pollution	13, 14, 15	●○○○	●○○○	44
Substances of concern	6, 12, 13, 14, 15	●○○○	●○○○	44
Training and skills development	4, 5, 8, 9, 10	●○○○	●○○○	53
Water	6, 7, 13, 14, 15	●●○○	●●○○	49
Working conditions in the value chain	3, 8, 10, 12, 16	●○○○	●○○○	50
Workplace culture	3, 4, 5, 8, 10	●●○○	●●○○	54

Key to SDGs



General Requirement #2 - Scope of Disclosures

This report addresses Drax's operational footprint from 1 January – 31 December 2025, following an operational control approach. This TNFD assessment focussed on key direct business activities and biomass sourcing for this period. Given forest-based biomass sourcing is derived from timber, with timber recognised on the Science Based Targets Initiative "High Impact Commodity List" we prioritised inclusion of biomass in the value chain in this report. An ENCORE assessment was informed by the corresponding International Standard Industrial Classification of All Economic Activities (ISIC) categories mapped to Drax key areas of business activity.

This report has been prepared in accordance with the TNFD Recommendations (Version 1.0). In addition; the Additional Sector Guidance for Electric Utilities and Power Generators and; Additional Sector Guidance for Forestry, Pulp, and Paper. Where relevant, additional notes on scope are made in data reporting in the section covering Metrics and Targets.

Mapping Drax Key Business Activities by ISIC category

Operational Control	Drax Key Business Activity	ISIC Group/Class
Direct	Pellet production	Manufacture of wood and products of wood and cork
	Electricity generation – thermal	Biomass energy production
	Hydropower	Hydropower energy production
	Open-Cycle Gas Turbines (OCGTs)	Fossil fuels energy production
	Battery energy storage systems (BESS)	Transmission and distribution of electricity
	Drax Energy Solutions (DES)	Transmission and distribution of electricity
	Head offices	Activities of head offices
Indirect	Land transport	Transport via railways
	Sea freight	Sea and coastal water transport
	Biomass sourcing	Logging
		Silviculture and other forestry activities
		Growing of non-perennial crops

Source: United Nations Statistics Division. (2008). International Standard Industrial Classification of All Economic Activities (ISIC), Rev.4. United Nations [https://unstats.un.org/unsd/classifications/Econ/Detail/EN/27/2720]

The Daldowie waste to energy facility was not prioritised for TNFD assessment as this was divested from the group on 1 April 2026

General Requirement #3 - The Location of Nature-related Issues

Drax recognises the importance of location-specific assessments to inform our understanding of the nature-related interface across our activities. The geographic location of an asset can heighten its nature-related risk profile, and therefore, our disclosure has been prepared with specific reference to the geographic locations of operations and value chain. See page 14 for an overview of operating and sourcing geographies.

1. Direct Operations

This assessment covered 42 sites encompassing direct operations: FlexGen sites, pellet production facilities, offices, and ports. This includes Drax Power Station in North Yorkshire, the Galloway and Lanark hydro schemes, Cruachan Pumped Storage in Scotland, and pellet production facilities across the US South and Western Canada. Given that Bluefield Solar Income Fund was not part of the Drax portfolio in 2025, it remains out of scope for this assessment.

Drax used the Integrated Biodiversity Assessment Tool (IBAT) to inform screening of biodiversity sensitivity and publicly available data from the World Resources Institute Aqueduct Water Risk Atlas to assess water stress across our operational footprint. Where higher-resolution data was available (e.g., through NatureServe and Natural England habitat maps), it was used to supplement global screening.

2. Upstream Value Chain (Biomass Sourcing)

Important interfaces with nature can lie in the value chain. We explored nature sensitivity across the biomass sourcing regions that supply our operations. Our assessment used the TNFD LEAP approach to screen sourcing regions for proximity to ecologically sensitive areas, including protected areas (WDPA), Key Biodiversity Areas (KBAs), Other Effective Area-based Conservation Measures (OECMs), Old Growth Management Areas (OGMAs), and Old Growth Deferral Areas (OGDAs) in British Columbia. The assessment was supported by the ENCORE database for the dependency and impact screening and by the Science Based Targets Network (SBTN) High Impact Commodity List (HICL) to identify material nature-related risks in our upstream supply chain.

To further enhance transparency across our supply chain, in January 2026 we launched the Drax Biomass Tracker, an interactive online tool that provides visibility into the journey of our woody biomass from origin to end use. The tracker shows sourcing regions, fibre types, transport routes, carbon emissions at each stage and independent sustainability certification data through a quarterly Sankey diagram.

3. Level of aggregation and disaggregation of reported nature-related data

This global screening approach was supplemented with further location specific information where accessible and/or available, including for example, access to higher-granularity data sets from NatureServe, Natural England Habitat maps and nature-related information gathered through independent sustainability certification for biomass sourcing.

General Requirements #4 and #5

General requirement #4: Integration with other sustainability-related disclosures:

Where relevant, this TNFD report makes reference to other disclosures aligned to TNFD reporting including: Drax Annual report and accounts 2025, ESG Performance Report 2025 and ESG Databook 2025 and the group's CDP disclosure.

We continue to mature our approach to further integrate climate, social and nature action, considering for example, the role nature can play in climate adaptation and resilience, and considering nature in Drax's climate transition goals.

TNFD A15.0

Year-on-year change in ESG rating scores for previous three years:

CDP Climate: 2023 A-, 2024 A-, 2025 A
CDP Forests: 2023 B, 2024 A-, 2025 A
MSCI: 2023 A, 2024 A, 2025 A
Sustainalytics: 2023 23.5, 2024 22, 2025 20.7

General Requirement #5 – Time Horizons Considered

This report assess the Group's operational footprint for **1 January – 31 December 2025**.

Consistent with the Drax Climate Transition Plan, Drax refers to

- "Short-term" actions, risks and opportunities in the time span prior to 2030
- "Medium-term" relevant actions, risks and opportunities starting from 2030 to 2040
- "Long-term" relevant actions, risks and opportunities starting from 2040

General Requirement #6 - The Engagement of Indigenous Peoples, Local Communities and Affected Stakeholders

The engagement of Indigenous Peoples, Local Communities and affected stakeholders in the identification and assessment of the organisation's nature-related issues:

Through its People Positive sustainability pillar, Drax is committed to considering the views and needs of stakeholders across its operations, including colleagues and contractors, businesses in our supply chain, Indigenous peoples and communities where we operate across the UK, US, and Canada:

- We will continue to collaborate within our supply chain to promote fundamental human and labour rights, and rights of the Indigenous peoples including those covered by the principles of 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.

This is reflected in corporate policies including the Drax group Human Rights Policy and our Indigenous Peoples Policy. It is also why we've included information on reconciliation and a land acknowledgement on page 4 of this report, in the context of Drax's activities in Canada.

Our engagement approach is guided by the Drax Indigenous Peoples Policy, which enshrines the concept of Free, Prior, and Informed Consent (FPIC) as fundamental in our sourcing decisions. This is reinforced by SBP Standard 1 v2 requirements (4.2.4/4.2.6) that legal, customary and traditional tenure and use rights of indigenous peoples be identified, documented, and respected, with appropriate grievance mechanisms, consultation, (and if required accommodation process) shall be established where FPIC has not been achieved. In 2025, Drax formally joined the Partnership Accreditation in Indigenous Relations (PAIR) program, reinforcing our commitment to strengthen partnerships with Indigenous communities and demonstrating alignment with the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) and the Truth and Reconciliation Commission Calls to Action.

Drax engages with local communities across its operational footprint to better understand nature-related issues in the places where it operates. In 2025, our Community & Education teams combined local engagement, partnerships, and support for grassroots non-profit organisations across the UK, US and Canada. This included more than 1,000 community engagements, reaching over 45,000 people, and support for 190 grassroots organisations through our Community Fund. Through events, listening sessions, local meetings, educational outreach and more than 100 power station tours, Drax gathers insight on community priorities, environmental concerns and local connections to nature. This helps inform our understanding of nature-related dependencies, impacts, risks and opportunities, while strengthening relationships with stakeholders connected to the landscapes and ecosystems around our operations.

Stakeholder Engagement: Community Engagement Approach

Engagement with the communities in which we operate is integral to how Drax builds constructive relationships, understands local perspectives, and identifies opportunities to contribute positively to local economic and social outcomes, and we continue to develop Community Engagement Plans in each of the communities where Drax owns and operates an asset. This includes engagement and action on nature, which complements the development of our Nature Positive Action Plans. The Drax Foundation also provides grants to non-profit organisations to support nature and community green spaces.

Galloway

- Loch Ken Trust (LKT) monthly meetings to discuss anti-social behaviour, litter and the impact these have on the surrounding nature
- Drax's £50,000 annual partnership with Loch Ken Trust supports ranger-led community engagement, water safety education, biodiversity monitoring, invasive species management, species conservation initiatives and climate resilience projects

Drax Power Station

- Alternative provision / nature-based learning sessions for Selby High School and Goole Youth Action summer programme at the Skylark Centre nature reserve
- A range of local community events and volunteer sessions at the Skylark Centre during 2025, engaging c.3,380 members of the local community

Cruachan

- Attendance at quarterly Loch Awe stakeholder group chaired by local MSP to discuss flooding issues and impact on local environment and people
- Argyll Countryside Trust (ACT) - Drax Foundation partnership and funding support for native seedling nursery



Drax hosts a wide variety of community events at the Skylark Centre, based at Drax Power Station

Stakeholder Engagement: Community Engagement Approach

Canada

- Our Community Fund supported 37 local non-profit organisations and community groups in British Columbia and Alberta with £105,770 in donations. This included support for local youth programmes, foodbanks, schools, health programmes, and green space development.

US

- We are partnering with our communities in Mississippi, Louisiana and Alabama to ensure that we're listening to and collaborating with our neighbours. 2025 was a busy year with the team participating in a wide range of community events, and providing support for local non-profit organisations that deliver important services in these rural communities.



Drax funding supports the Argyll Countryside Trust tree nursery.

For more on Drax's social impact and community initiatives, see the Drax Foundation Social Impact Report 2025

Governance

TNFD requirement: ***Disclose the organisation's governance of nature-related dependencies, impacts, risks and opportunities.***

drax



Clatteringshaws Loch, Galloway Hydro Scheme, Scotland

Governance: Board and Executive Committee Oversight

The formal nature-related governance structure is presented on the left (official Drax Executive Committee and Board committees in purple), however additional boards and committees have some oversight of nature-related matters, as illustrated by the additional non-official committees shown.

Drax Group plc Board

The Board has ultimate accountability over nature-related matters at Drax. The Board oversees and ensures that the Group effectively implements the business strategy aligned to our nature targets. To enable this the Board meets two times a year to discuss sustainability-related issues - including an annual review of progress against our sustainability framework targets. The CEO, as part of the Board and the Executive Committee, provides regular updates on nature within the CEO Report to the Board, as well as quarterly updates through the Quarterly Strategy Review process.

Executive Committee

The Executive Committee holds regular formal meetings and focuses on the delivery of our strategy as well as operational and financial performance. The Committee is responsible for assisting the CEO with all sustainability-related matters, including the delivery of all the commitments set out in the Group's Sustainability Framework. The ExCom is in turn supported by **Operational sustainability working groups** below.

Additional governance

Operational sustainability working groups

The Chief Corporate Affairs and Sustainability Officer has oversight of sustainability and Nature-related matters, including reporting to the Executive Committee and the Board. Their responsibilities include quarterly reviews to the Board, quarterly Business Reviews with the Executive Committee, updates, ownership of the Sustainability Framework, climate and nature-related reporting (including ESOS, TCFD and TNFD), monitoring and management of the Principal Risk Climate Change and Nature Policy ownership. Management is responsible for communicating the priorities for their business area that can positively influence the delivery of objectives linked to our nature-related objectives.

Business Units

Each business unit is responsible for implementing nature projects within their area. Each business unit has sustainability personnel to ensure an appropriate interface between operations and Group Sustainability and that budgets and resources are available. The Business Planning process occurs on an annual basis to ensure that allocated for the year to manage and implement nature projects.

Audit Committee

The Audit Committee has responsibility for overseeing the effectiveness of risk management processes and controls, including the business' Principal Risks.

Remuneration Committee

There are additional governance structures which sit outside the formal accountability hierarchy that also ensure Drax aligns to good practice measures: The Remuneration Committee oversees the approach to remuneration, including approving the KPIs outlined in the Group bonus scorecard.

The Group bonus scorecard includes decarbonisation, which in 2026 is a modelled 2.5% reduction in carbon emissions for the group across all emissions categories.

Independent Advisory Group

The IAG provides external advice and challenge on our responsible sourcing of biomass, and wider aspects of our sustainability strategy. The IAG comprises five scientists and technical specialists (biographies available here)

Governance: Additional Policies and Commitments

Drax policies and commitments

Drax's commitments to nature positive action are outlined in the **Drax Sustainability Framework**, which also includes commitments to climate and people, recognising the important integration between these three pillars.

Drax is committed to partnering with the communities we operate in to make a positive contribution to their lives and livelihoods. This commitment is delivered through a blend of targeted social investment and active community engagement, which supports the integration of stakeholders' rights and views on nature. For further information see page 23.

The **Drax Nature Policy** supports the implementation of the Group's nature commitments and targets. Our **Group Environment Policy** states our commitment to manage, monitor, and reduce the environmental impacts caused by our business. The **Drax Human Rights Policy** outlines the human rights standards Drax abides by and the **Drax Indigenous Peoples Policy** guides engagement with Indigenous communities, particularly First Nations in Canada, recognising their profound relationship with the land where Drax operates and sources materials.

Internal sustainability working groups – acting on our commitments

The **Nature Expert Hub** cross-functional expert forum is responsible for coordinating nature positive work across the Group, oversight of nature-related projects across the business and advising Drax's wider sustainability governance. It supports the Decarbonisation and Nature Working Group.

The **Decarbonisation and Nature Working Group** is a cross-functional forum that provides oversight of both Drax's decarbonisation (climate) agenda and its nature positive commitments. It sits below Executive Committee and Board-level governance and reviews progress, risks, plans and key disclosures before escalation to senior decision-making bodies.

Strategy

TNFD Requirement: ***Disclose the effects of nature-related dependencies, impacts, risks and opportunities on the organisation's business model, strategy and financial planning where such information is material***

drax



Upper Reservoir at Cruachan Power Station, Scotland

Strategy: The Impact of Nature at Drax

At Drax, our purpose is to enable a zero carbon, lower cost energy future – a mission that is fundamentally intertwined with the health and resilience of natural ecosystems. From the forests that supply biomass, to the watersheds that power our Scottish hydroelectric facilities, and the water that enables power generation at Drax Power Station, nature is not just part of our operations – nature is essential to our ability to deliver renewable energy at scale.

Our revised Biomass Sourcing Policy (2025) outlines Drax's approach to sourcing sustainable biomass responsibly and our Sustainability Framework sets time-bound targets across Climate, Nature, and People pillars.

Using TNFD's recommended ENCORE tool, we screened for nature-related interactions across Drax's operational activity sectors.

Key findings include:

- **Greatest potential interface with nature: Biomass sourcing in our upstream value chain and freshwater use in energy generation**
- **Heightened potential impact areas for nature: Pellet production, biomass generation, hydropower, and OCGT operations**
- **Important dependencies on nature: Water flow regulation, storm mitigation, forest biomass, climate regulation**

Our strategic response is already underway:

- ✓ **Drax Sustainability Framework reflecting material areas for action**
- ✓ **Group Environment Policy**
- ✓ **Nature Positive Action Plans for Drax Power Station, Cruachan and Lanark and Galloway**
- ✓ **Avoid sourcing biomass directly from designated areas of old growth and primary forest as defined by the relevant competent authority (including Old Growth Management Areas and Old Growth Deferral Areas in British Columbia)**
- ✓ **Landowner Outreach Assistance Program & Quail Forever partnership in the SE United States**
- ✓ **Application of the Biodiversity Net Gain regulations in England**

We recognise that our dependencies on nature can represent a material financial risk. Ecosystem degradation or changes in regulatory requirements could disrupt our operations, increase costs, or affect our ability to generate revenue. Potential new opportunities may emerge in developing ecosystem markets, or in landscape level resilience investments. We are exploring methodologies to quantify these financial exposures and opportunities.

Strategy: Dependencies and Impacts by Activity Sector

We used ENCORE to identify potential dependencies and impacts associated with key business areas of activity. ENCORE provides broad, global information on economic activities and ecosystem services. ENCORE results do not mean that all companies engaging in that activity have that dependency or exert that pressure, nor does ENCORE reflect mitigation measures in place or location specific considerations. Nevertheless, it remains a helpful tool for initial screening. Further assessment to consider more specific, location based and operationally relevant DIROs can be found on page 32.



Pellet production

Pellet production depends on sustainably managed forests for biomass sourcing. Without relevant mitigation, the pellet manufacturing process can lead to potential impacts to nature through emissions to air, operational disturbances like noise and light pollution, and solid waste generation.



Biomass generation

Thermal biomass power stations depend on reliable water supplies for cooling and steam generation as well as the sustainable provision of biomass. Without relevant mitigation, thermal energy generation can lead to potential impacts to nature related to water abstraction and return, emissions to air, waste generation and land use associated with biomass sourcing.



Open-Cycle Gas Turbines (OCGT)

OCGT facilities depend on reliable water resources and stable climatic conditions to support efficient plant performance. Without relevant mitigation, operations can lead to potential impacts to nature through emissions to air and disturbance associated with infrastructure footprints and natural gas extraction.



Hydropower generation

Hydropower depends on healthy freshwater ecosystem to provide reliable water flows, maintain water quality and regulate sediment, all of which are essential for efficient electricity generation. At the same time, without relevant mitigation, hydropower infrastructure can lead to potential impacts on freshwater ecosystems by altering flow regimes, disrupting sediment transportation, and fish migration patterns.

Strategy: Material Nature Dependencies, Impacts, Risks & Opportunities by Time Horizon

Our strategy integrates nature considerations across multiple time horizons, with targeted responses aligned to our Sustainability Framework.

Material Dependencies, Impacts, Risks, and Opportunities by Time Horizon

Time Horizon	What We Depend On	Potential Impact	Risks	Opportunities	Our Response
Short-term (to 2030)	Water, forest biomass	Air, waste, fish migration	Regulatory changes[1]	Biodiversity gains; Conservation Partnerships	• Nature Positive Action Plans • Eel translocation Project (5-year, £200k) • Biosecurity training & invasive species control • Coal ash reclamation & habitat restoration • Application of Biodiversity Net Gain regulation • Avoid sourcing directly from designated areas of primary and old growth forest (e.g. Old Growth Management Areas or old Growth Deferral Areas in British Columbia)
Medium-term (2030–2040)	Forest health, watersheds	We are developing methodologies to quantify our medium and long-term risk	Wildfire, regulations, global freshwater supply	Ecosystem service markets	• Landowner Outreach Assistance Program • Quail Forever partnership (prescribed burns) • NGIS Satellite Monitoring • SBP Certification maintained
Long-term (2040+)	Climate regulation	We are developing methodologies to quantify our medium and long-term risk	Ecosystem dysregulation, biodiversity loss affecting supply chains	Ecosystem service markets	• Supply chain data granularity improvement • Enhanced due diligence • Supplier engagement where high risk identified • Development of SBTN target

1 Regulatory developments shaping our risk profile include the UK CfD sustainability criteria effective April 2027. The CfD criteria require 100% sustainable biomass sourcing, reduce the supply chain emission threshold from 180kgCO2e/MWh to 131.76kgCO2e/MWh aligned with international best practice); and (3) excluding material sourced from primary and old growth forests from receiving support payments.

Strategy: Nature Interface and Priority Locations

Consistent with the TNFD LEAP Approach, Drax undertook a geospatial assessment of 42 sites across our direct operations and all biomass sourcing regions using the Integrated Biodiversity Assessment Tool (IBAT) to better understand our interface with nature. As nature is inherently local, geographic specific assessment helps to better understand related DIROs.

Screening results summary

Category	No. of Sites	Details
Total Operational Sites Assessed	42	All FlexGen sites, pellet production sites, offices and ports that we own or managed in FY25
Sites interfacing with biodiversity-sensitive areas	27	Defined within proximity to Protected Areas, Key Biodiversity Areas or areas of water stress
Proximity to Protected Areas	25	Sites within a 5km of Protected Areas or Ramsar sites
Proximity to Key Biodiversity Areas	13	Sites within a 5km of high biodiversity value and are recognised to be vital for threatened species
Sites in high-water stress areas	2	Identified using the WRI Aqueduct tool. These are UK sites with immaterial water use

We prioritised six operational locations and two biomass sourcing regions for deeper assessment and the development of Nature Positive Action Plans (see page 33). These locations were prioritised because they combine ecological sensitivity with operational materiality.

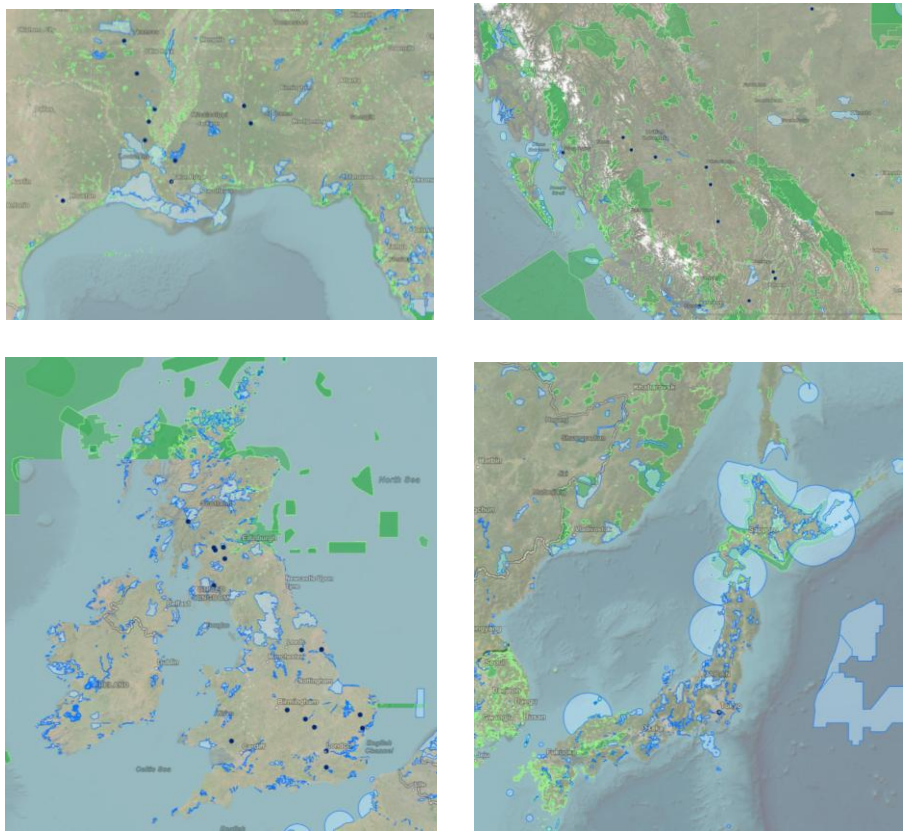
Biomass Sourcing Prioritisation

We incorporated our biomass sourcing regions into our assessment by using the TNFD LEAP approach. Through this assessment, we identified the Southeast United States as our highest priority region followed by Western Canada.

Limitations and Future Enhancements

We recognise that these global datasets do not necessarily reflect or incorporate Indigenous Knowledge or land stewardship practices of Indigenous Peoples or local communities. We continue to enhance our approach to nature assessments.

Direct operations and protected and conserved areas (green) and Key Biodiversity Areas (blue)



Datasets Consulted:

WWF Biodiversity Risk Filter, WRI Aqueduct 4.0, IBAT, RESOLVE Ecoregion, IUCN Global Ecosystem Typology, Biodiversity Intactness Index (BII)

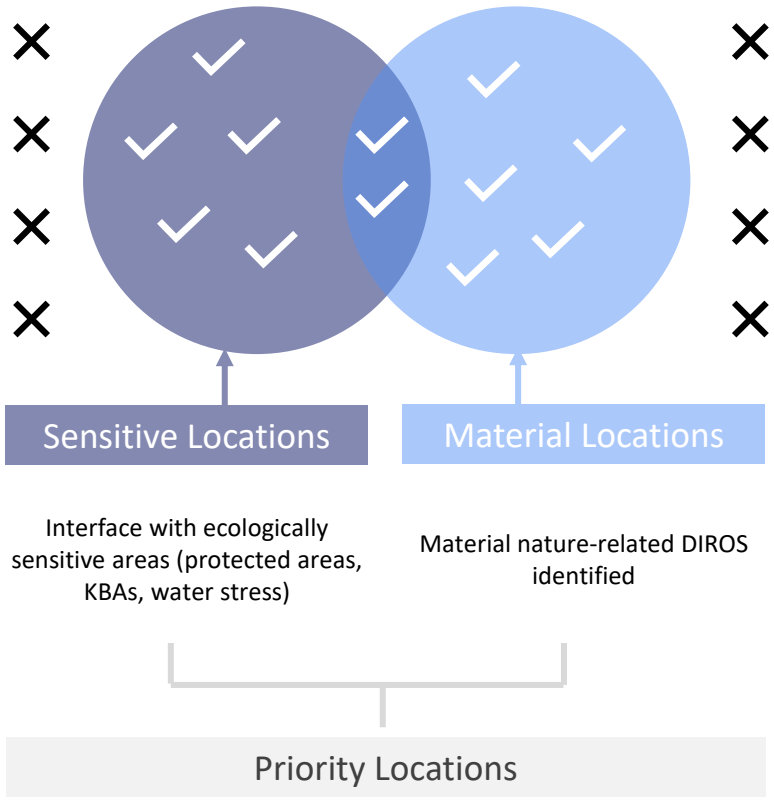
Strategy: Priority Locations by Sphere of Influence

Our nature strategy prioritises locations where we can achieve the greatest positive impact, organised by our degree of control and influence. Selection criteria include operational presence, ecological sensitivity, business importance, long-term viability, and revenue contribution.

Priority locations by sphere of influence

Location	Sphere	Business Area	Priority Category	Key Nature DIROs Identified
Galloway Hydro Scheme	DC	Hydro	S + M	Invasive species; fish migration barriers (see page 36); water resources
Drax Power Station	DC	Biomass Generation	S + M	Water resources; air emissions; solid waste (see page 44)
Cruachan Pumped Storage	DC	Hydro	S + M	Water resources; extreme weather events
Lanark Hydro Scheme	DC	Hydro	S + M	Invasive species; fish migration barriers
Hirwaun OCGT	DC	OCGT	S	Air emissions, operational disturbances (noise & light)
Millbrook OCGT	DC	OCGT	S	Air emissions, operational disturbances (noise & light)
Southeast United States (6.5Mt sourced)	DI	Biomass Sourcing	S + M	Wildfire risk, forest health (Beyond Certification, see page 43)
Canada (BC/Alberta) (2Mt sourced)	DI	Biomass Sourcing	S + M	Wildfire risk, Old Growth Deferral and Old Growth Management Areas (see Biomass Policy)
Third-party sourcing (~0.6Mt)	II	Biomass Sourcing	M	Lower traceability (see Biomass Tracker)

Key: Direct Control (DC): sites we own or manage; Direct Influence (DI) suppliers we can influence but do not control ; II: Indirect Influence; S: Sensitive; M=Material



Assessment of priority locations, adapted from TNFD Figure 21

Strategy: From Corporate Approach to Local Action Plans

Drax uses TNFD's LEAP Approach to guide Nature Assessments across our direct operations at a site level and biomass supply chain at a sourcing region level. The Nature Assessment results are integrated into site-specific Nature Positive Action Plans that identify opportunities for action to deliver biodiversity enhancements and support ecosystem resilience. As part of our 2030 Sustainability Framework targets, we are developing Nature Positive Action Plans for priority sites and biomass sourcing regions.

With our Nature Assessments, we aim to develop a clearer understanding of:

- Key ecosystems and natural features associated with the location
- Dependencies on ecosystem services
- Potential impacts on nature and biodiversity
- Nature-related risks and opportunities relevant to our activities
- Appropriate mitigation, monitoring and improvement actions

For each plan we've established priority areas of focus aligned with the DIROs identified in the TNFD informed Nature Assessments.

The insights gained from these assessments also support the integration of nature-related considerations into our group-wide approach to risk management and strategic planning.

Drax has prepared Nature Positive Action Plans for Drax Power Station, Lanark and Galloway hydros and Cruachan pumped storage (see more on page 39).

TNFD informed Nature Assessments → Nature Positive Action Plans → Nature Action Projects

Financial implications and risk mitigation

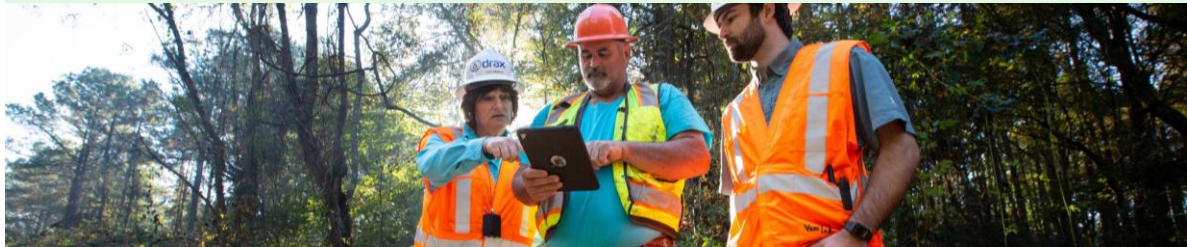
We have not yet fully assessed how identified material nature risk and opportunities impact the financial status of the business. However, potential financial implications may include:

- Increased operating costs resulting from regulatory requirements and/or disrupted operations / reduced operating costs through resource efficiency
- Capital expenditure required for mitigation, restoration and adaptation measures / Financial incentives through sustainability linked capital or nascent ecosystem services markets
- Supply chain disruptions associated with ecosystem service degradation

While quantitative financial estimates are not yet available, we continue to mature our approach to develop the methodologies and data to support future disclosure.

Strategic outlook

We are continuing to enhance our approach through improved data, assessment methodologies, stakeholder engagement and integration into business processes.



Case Study: Managing Invasive Non-Native Species at Galloway Hydro Scheme

Invasive non-native species (INNS) present a significant risk to biodiversity across the Galloway catchment. Species such as North American Signal Crayfish, Japanese Knotweed, Rhododendron, and American Skunk Cabbage can outcompete native species, alter habitats, reduce ecosystem resilience and increase management costs posing a risk to both biodiversity and Drax.

Drax works with local partners to support coordinated invasive species management across the Galloway area. This collaborative approach recognises that invasive species are most effectively managed at a catchment and landscape scale rather than through isolated site-based interventions.

Drax's partnership with the Loch Ken Trust includes awareness campaigns, community engagement and in partnership with Galloway Rivers Trust the installation of washing stations at key locations to allow loch users such as paddleboarders and kayakers to clean their boots and equipment before moving on to other watercourses.

By combining practical control measures, stakeholder collaboration and workforce education, Drax aims to reduce the risk of invasive species establishment and spread while supporting healthier, more resilient ecosystems.



A biosecurity washing station

What Drax is doing to combat this risk to nature

01

Detect

Continue surveys on North American Signal Crayfish, eDNA/water sampling and evidence gathering with the Loch Ken Trust.

02

Prevent spread

Biosecurity training for relevant staff and supporting Loch Ken Trust run washing stations and recreational user awareness.

03

Partner locally

Support Loch Ken Trust and work with Galloway Rivers Trust.

04

Support efforts for ecosystem health and restoration

Five-year eel translocation project with Galloway Rivers Trust to restore populations of critically endangered European eel (see case study on page 36)

Case Study: Supporting Endangered Eels in the Kirkcudbrightshire Dee Catchment

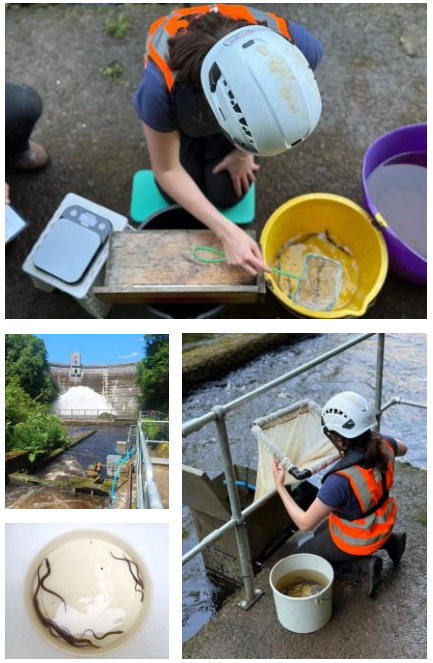
The European eel (*Anguilla anguilla*) holds Critically Endangered status on the IUCN list with their population in decline since the 1980s[1]. This is in part attributed to migration barriers, overfishing, and climate change.

Recognising the challenges that eels face accessing the Dee by an impassable barrier at our dam at Tongland Power Station, Drax has committed £200k and a five-year partnership (2026–2031) with Galloway Rivers Trust to back The Kirkcudbrightshire Dee European Eel Study and Restoration Project.

Our investment follows the identification of freshwater ecosystems and migratory fish as a key area of focus in our Galloway Hydro Scheme Nature Positive Action Plan. European eels were identified as a priority species during the "Locate" stage of our TNFD-aligned nature assessment alongside the impact of physical barriers to migrating fish in the "Evaluate" stage. We also recognise the importance of collaboration with partners, including Galloway Rivers Trust and Scottish Environment Protection Agency (SEPA), to support species such as Atlantic salmon and European eel.

The project aims to monitor and translocate elvers (juvenile eels) captured at the base of the dam. Whilst the fish ladder lets migratory species such as salmonids pass, the dam prevents eels from migrating upstream naturally. Its chambers sit too high and lack the substrate that elvers require to climb. In the first year of the project, through licensed trapping and translocation, captured elvers are released into select areas of the Tarff catchment, within the wider Dee, where they can mature before their extraordinary journey back to the Sargasso Sea. Presently, eels remain absent upstream of the dam, unable to access >900km^2 of habitat. The project aims to explore mitigating the downstream passage of eels, with an ambition to reintroduce eels above the dam.

Beyond the conservation gain, the project will deliver five years of monitoring data and local ecological understanding informing improved management of eels both locally and nationally.



Dee Eel Project Officer counting, measuring, and weighing elvers caught in the traps before being released into the Dee Catchment

5 years
monitoring and conservation insight

£200k
of funding

4000
elvers moved to safe habitat since May 2026

[1] Pike, C., Crook, V. & Gollock, M. 2020. *Anguilla anguilla*. The IUCN Red List of Threatened Species 2020: e.T60344A152845178. https://dx.doi.org/10.2305/IUCN.UK.2020 2.RLTS.T60344A152845178.en

Risk and Impact Management

TNFD Requirement: ***Describe the processes used by the organisation to identify, assess, prioritise and monitor nature-related dependencies, impacts, risks and opportunities.***

drax



Stonebyres Power Station, Lanark Hydro Scheme, Scotland

Integrating Nature-Related Risk into our Governance Framework

Risk management is embedded in how we operate at Drax. We apply a structured, integrated approach to identify, assess, and manage nature-related dependencies, impacts, risks, and opportunities across our direct operations and value chain.

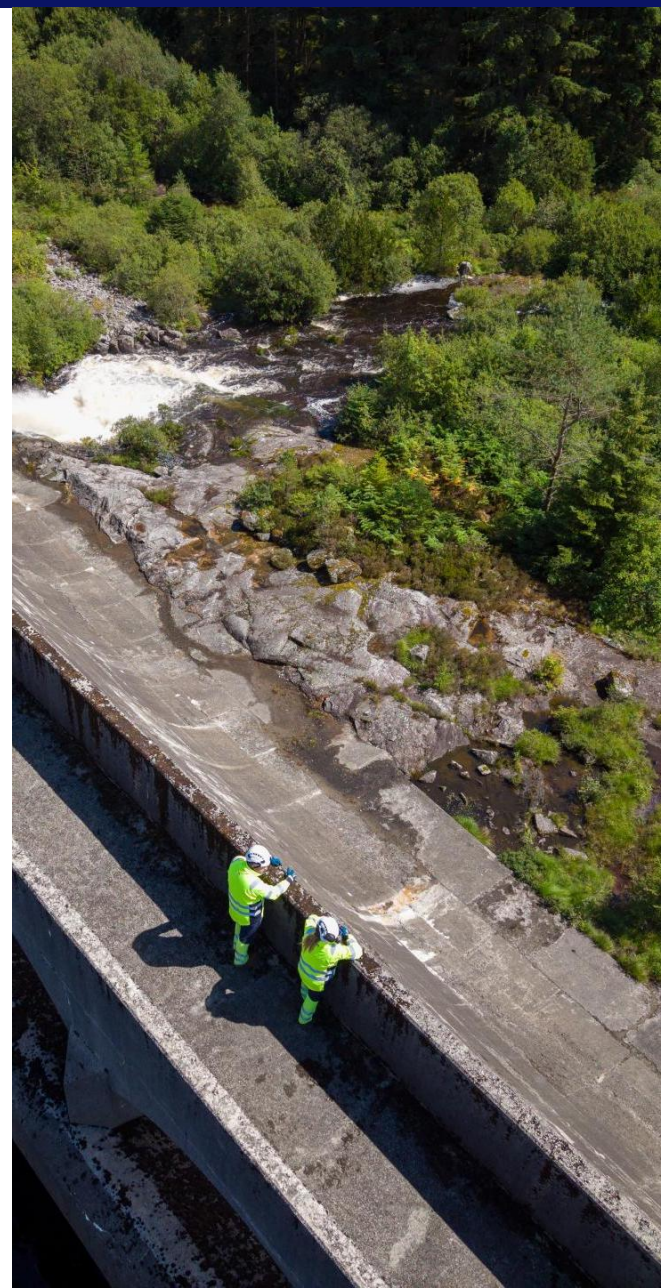
Our risk management framework is informed by the TNFD LEAP approach (Locate, Evaluate, Assess, Prepare), which provides systematic guidance on identifying and assessing nature-related risks. This is complemented by the Science Based Targets Network High Impact Commodity List, which identified timber as a commodity with significant environmental pressures. This framework operates at two levels:

1. **Site-level screening:** A geospatial assessment of 42 directly operational sites and sourcing areas using a suite of tools recommended by the TNFD.

2. **Group-wide risk integration:** Nature-related risks identified through TNFD aligned assessments are considered for our Group Risk Management Policy, with quarterly updates to the Executive Committee and annual review by the board.

The Drax Executive Committee is responsible for the review and challenge of our Principal risks, as disclosed in our Annual Report. Each risk has an assigned business unit management owner, responsible for monitoring the risk, providing updates, and ensuring mitigations and controls are fit for purpose. Material nature-related risks are escalated through operational sustainability working groups to the Executive Committee and the Board.

As outlined in our 2025 Annual Report, the Group's commitment to robust governance and compliance is a prerequisite for long-term success, and we continue to invest in these functions as the footprint of the business grows.



Risk and Impact Management: From TNFD Aligned Nature Assessments to Site Nature Positive Action Plans

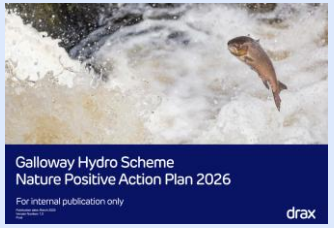
We are developing Nature Positive Action Plans for our operations, delivering on our Sustainability Framework nature targets.

The Nature Positive Action Plans build on site specific TNFD-aligned nature assessments, exploring nature-related dependencies, impacts, risks and opportunities at operational sites. This work results in a set of key nature topics for the site, which informs nature action initiatives and projects.

The identification, assessment, and management of nature related risks is integrated into our group-wide approach to risk management, as defined by our Group Risk Management Policy. This is complemented by the location-specific risk assessments as part of the nature assessments described in this report, which define actions in Nature Positive Action Plans. For each site, the Nature Positive Action Plan becomes the shared document for discussing priorities and shaping nature projects to deliver biodiversity enhancements and contribute to measurable nature positive outcomes.









Our approach to nature assessments follows the TNFD's LEAP Approach

L	**Locate**	where the business interfaces with nature
E	**Evaluate**	dependencies and impacts on ecosystems
A	**Assess**	nature-related risks and opportunities
P	**Prepare**	responses, metrics and disclosure actions

1 LEAP inputs
Review location specific nature dependencies, impacts, risks and opportunities

2 Nature Risk and Opportunity register
Assess site specific issues

3 Identify key topics
Identify key topics and priorities

4 Establish Metrics and actions
Establish progress tracking with key indicators

5 Nature action projects
Prioritise nature projects for measurable positive impact

Risk and Impact Management: Supply Chain Traceability and Certification

Risk Identification and Assessment

Drax applies the TNFD LEAP approach across our priority sourcing regions[1] (US South and Western Canada). Using ArcGIS, we spatially map our fibre sources with biodiversity datasets– NatureServe data and FSC/SBP risk assessments in the US, and publicly available provincial datasets in Canada, including protected areas, Key Biodiversity Areas, and old-growth deferral and management areas.

We monitor changes through quarterly Biomass Tracker updates, annual certification audits, and ongoing work **partnering with NGIS**, a global leader in Geospatial technology, to model and monitor the carbon stocks of the US and Canadian forests that Drax sources its sustainable biomass from.

Risk Management and Mitigation

In our Canadian operations, we engage with government and suppliers to avoid sourcing directly from designated Old Growth Management (and Old Growth Deferral Areas) and recognise traditional territories of First Nations, Inuit, and Métis peoples. While our overall sourcing framework is aligned with SBP v2.0, the specific requirement related to Indigenous rights is set out in SBP Standard 1, which remains a foundational components of the SBP system.

In the US South, we partner with conservation organisations on prescribed burns to reduce wildfire risk and restore fire-dependent ecosystems. Through our comprehensive Sustainability Framework and responsible sourcing commitments, we are working to prevent ecosystem degradation that could lead to supply disruptions and increase costs, ensuring we can continue to deliver reliable energy for the future.

Indicators and Response

In November 2025, Drax signed a low carbon dispatchable contract for difference (CfD) for Drax Power Station, operating between April 2027 and March 2031. The strengthened CfD criteria require: (1) increasing the proportion of biomass that must be sustainably sourced from 70% to 100%; (2) reducing the supply chain emission threshold from 180kgCO2e/MWh to 131.76kgCO2e/MWh (aligned with international best practice); and (3) excluding material sourced from primary and old growth forests from receiving support payments. These metrics serve as key indicators that our risk management processes are translating into verifiable outcomes.

1 *Drax does not own forests or sawmills. While we do not own or manage forests, we do safeguard our wood sourcing by abiding by the certifications and accreditations applicable to each of the territories and applying our biomass sourcing policy to all biomass we source.*

Risk and Impact Management: Invasive Alien Species

Invasive alien species are recognised as a global threat to nature by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) and the Convention on Biological Diversity. The Kunming-Montreal Global Biodiversity Framework reinforces the need for action with Target 6, calling for countries and organisations to step up efforts to combat invasive alien species.

Given the global threat posed by invasive species, Drax has invested in enhancing its understanding of potential invasive species risks across its operations and value chain, and opportunities for action.

In 2025, Drax worked with expert science services leader, Fera Science, to review potential pathways and management approaches for invasive species in the biomass supply chain including movement of material, pellet storage, maritime transport and logistics. This whole value chain approach confirmed effective existing mitigations including regulatory controls, phytosanitary requirements, certification and operational procedures are in place to minimise and control risks. The review of peer-reviewed research identified that the pelletisation process, which uses high temperature and pressure is effective in eliminating key insect pests and plant pathogens.

We continue to develop our understanding and approach on invasive alien species, strengthening our potential to contribute to efforts to prevent, control or eradicate invasive species where possible.

In Scotland, where invasive alien species such as the North American Signal Crayfish are a risk to freshwater ecosystems we're working with local organisations to combat their spread (see case study on page 35).



Drax Power Station, Selby, United Kingdom

Risk Management: Biomass Sourcing and Certification

Drax sustainably sources biomass and receives assurances through leading certification schemes:

Multiple controls and processes in place to help ensure sustainable biomass sourcing

A Biomass Sourcing policy which covers all biomass we handle

Biomass supplier compliance is evidenced by external certification schemes

Our Biomass Sourcing Policy commits us to:

Sourcing biomass which avoids undue displacement of fibre from long-lived solid wood product markets

All biomass sourcing complies with all applicable local and national legislation

All biomass sourcing is traceable across the supply chain

Quantifying and monitoring forest carbon stocks in the sourcing region over time

Working with governments, suppliers, as well as local, national and international stakeholders

Sourcing areas will be mapped and sustainability related risks be known and mitigated

The certification landscape is continuously evolving, from forest to carbon storage. Drax ensures all sourcing is covered by an appropriate certification. These requirements vary by region, however, the certification schemes used are:

- **Forest Stewardship Council® (FSC® C119787)** is dedicated to promoting responsible forestry worldwide. FSC® helps take care of forest for future generations. www.fsc.org
- Drax holds a verified FSC® PBN-COC-026275 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 PBN-PEFC-COC-026275 certification.

- **Sustainable Biomass Program (SBP)** provides assurance that woody biomass is sourced from legal and sustainable sources.
- In 2025, 99.95% of biomass received at Drax Power Station was SBP-compliant and Drax holds an active certification (SBP-01-43).

- **Sustainable Forestry Initiative®(SFI)** Fibre Sourcing is a North American certification that promotes sustainable forest management. www.forests.org
- Drax holds a verified SFI® PBN-SFI/COC-065313 and SCS-SFI-COC-005130 certifications.



Case Study: Beyond Certification

Drax depends on healthy, productive forests for its long-term biomass supply. In the US Southeast, fire dependent woodlands and savannas have become overgrown due to fire suppression. This increases wildfire risk, reduces biodiversity, and threatens forest health, all of which are material risks in our supply chain.

Our Response: Supporting active forest management

To address these risks, Drax partners with Quail Forever to put fire back on the landscape safely [1].

- **Risk Management:** Wildfire and forest degradation can destabilise the quantity and quality of our woody biomass supply
- **Dependencies Supported:** Healthy, resilient forests provide a renewable resource our business relies on.
- **Positive Impact:** Our funding helps restore a natural ecological process, aligning with TNFD's goal of moving toward nature-positive outcomes.

We are evaluating how to scale similar forest management partnerships in other sourcing regions, and we are exploring metrics (e.g. acres under active management, wildfire risk reduction) to track the effectiveness of these investments[2].

[1] www.drax.com/creating-and-maintaining-wildlife-habitats-through-prescribed-burns

[2] *Drax does not own forests or sawmills. While we do not own or manage forests, we do safeguard our wood sourcing by abiding by the certifications and accreditations applicable to each of the territories and applying our biomass sourcing policy to all biomass we source.*



Prescribed Burn Association (PBA) members lighting a controlled burn.

Case Study: Coal Ash Reclamation – Delivering a Climate and Nature Opportunity at Barlow Mound

Barlow Mound, adjacent to Drax Power Station, contains historic deposits of pulverised fuel ash (PFA) generated during the site's coal-fired operations. As a long-established ash disposal facility, the mound represents a long-term land and environmental management responsibility, including potential risks associated with legacy waste storage.

In 2025, Drax announced a 20-year joint venture agreement with Power Minerals Limited (PML) to develop a state-of-the-art factory to process the legacy ash for use as Supplementary Cementitious Material (SCM) in low-carbon cement and concrete production. This approach transforms a legacy waste liability into a valuable resource, reducing the volume of material requiring long-term management while supporting the circular economy and delivering benefits to decarbonisation. Over the duration of the project, PML estimates the utilisation of legacy ash from Drax can reduce CO_2 emissions by a minimum of 6 million tonnes, compared to utilising conventional cements. In addition, we are investigating future potential for using Furnace Bottom Ash from biomass combustion as a peat alternative – which would further enhance the environmental benefits of the project.

The reclamation project also creates opportunities to progressively restore areas of the site. A 20-year restoration strategy is designed to create semi-natural, ecologically valuable space, improve habitat networks, improved flood resilience and retain public access. By reducing the footprint of historic ash deposits and enabling restoration, the project can contribute to improved habitat creation and long-term environmental outcomes.



Barlow Ash Mound at Drax Power Station

~23.5 Mt
reclaimable Pulverised Fly Ash

≥10% BNG
minimum commitment

6 Mt CO_2
emissions reduced

Metrics and Targets

TNFD Requirement: ***Disclose the metrics and targets used to assess and manage material nature-related dependencies, impacts, risks and opportunities.***

drax



Metrics and Targets

In line with the TNFD's recommendations, this report includes our efforts to disclose against TNFD's:

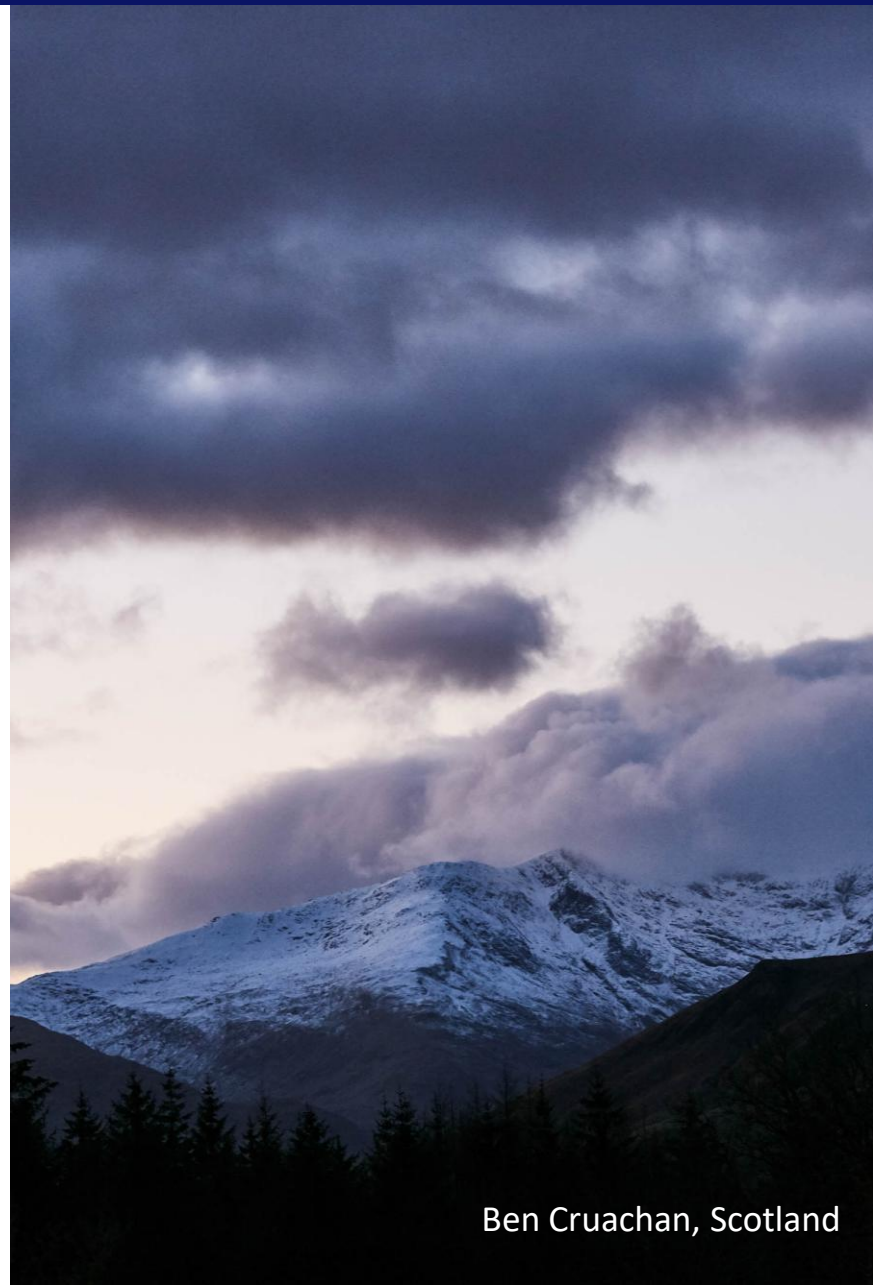
1. Core Global Metrics
2. Electric Utilities and Power Generators Core Metrics
3. Additional Metrics and Additional Sector Guidance Forestry, Pulp and Paper
4. Select Additional Global Disclosure Metrics

Drax continues to engage in the ongoing development of Environmental Social Governance disclosure, both voluntary and mandatory as part of building transparency and stakeholder trust.

Drax's 2025 ESG Performance report provides a consolidated overview of our ESG performance data, covering the following key areas:

- Environment
- Social
- Governance
- Assurance Statement

The methodology, scope and underlying assumptions used in the calculation and reporting of selected metrics, including carbon emissions, can be found in Drax Basis of Reporting, or as provided in the table notes section where relevant in this document.



Ben Cruachan, Scotland

Metrics

This section presents Drax's 2025 response to the **TNFD Core Global Metrics**. We have sought to disclose nature-related metrics, focusing on climate change and land-use change as the primary potential drivers of nature change related to Drax's direct operations. These metrics provide a 2025 baseline reflective of the company's activities in that year which can be used to inform progress on our nature-related commitments and targets.

Metrics table 1 – 'Most Material' Nature Metrics

Driver of nature change	Indicator/Metric description	Scope	2025	Notes	TNFD Metric no.
Climate Change	Group Total Scope 1 emissions	Group	301 $ktCO_2e$ Ⓐ	Group total Scope 1 covers all direct emissions from our own business operations, across all sites.	C0.0
	Group Total Scope 2 emissions (location-based)	Group	256 $ktCO_2e$ Ⓐ	Group total Scope 2 covers all indirect emissions associated with our electricity and heat consumption, across all sites.	
	Group Total Scope 2 emissions (market-based)	Group	372 $ktCO_2e$ Ⓐ		
	Group Total Scope 3 emissions	Group	1504 $ktCO_2e$ Ⓐ		
Land/freshwater/ ocean-use change	Total spatial footprint	Group	26.7 km^2	Total spatial footprint is the sum of land owned, leased and/or managed by the group on 31 December 2025.	C1.0
	Total disturbed area	Group	0. 012 km^2 (0.04% of total spatial footprint)	Includes area of land within the total spatial footprint that has been subject to human activity that has changed the land's surface condition, relative to a reference state (TNFD, 2026). This does not include temporary works. Figure was derived using NGIS remote sensing application with site operator review. 0.012km^2 was disturbed by operations at Barlow Ash Mound. In 2025 Drax entered a 20-year joint venture agreement with Power Minerals Limited to extract and reprocess the legacy ash to produce low-carbon cement.	
	Total rehabilitated/restored area	Group	0km^2	Defined as any intentional activity to initiate/accelerate the recovery of an ecosystem from a degraded state or restoration activity to move a site towards a natural state baseline (TNFD, 2026) within the total spatial footprint. The 2025 disturbance reported at Barlow Mound will be addressed in a Landscape Strategic Restoration Approach currently being developed to deliver a biodiversity net gain in local biodiversity and improved public access over the next 20 years.	
	Extent of ecosystem use change	Group	0. 012 km^2	Defined as ecosystem use change within total spatial footprint. 0.012km^2 of grassland converted to bare land at Barlow Ash Mound as part of the ash reclamation initiative. The harvesting involves the removal of up to 0.5m of grassed area and topsoil for the recovery of ash underneath. This change is considered temporary as the land will be restored under the Landscape Strategic Restoration Approach.	C1.1

Ⓐ This metric was subject to external independent limited assurance by PricewaterhouseCoopers LLP (PwC) as part of their assurance over metrics in the ESG Performance Report 2025. For the results of that assurance, refer to page 13 in the ESG Performance Report 2025.

Metrics

This page presents Drax's 2025 response to the **TNFD Core Global Metrics** for pollution, Non-GHG air pollutants, and wastewater. Where data is incomplete, we disclose the current status to maintain transparency and signal our commitment to exploring potential further data collection.

Metrics table 2 – Core Global Metrics: Pollution, Non-GHG Air Pollutants and Wastewater

Driver of nature change	Indicator/Metric description	Scope	2025	TNFD Metric no.
Pollution	Pollutants released to soil, split by type		Data limitations	C2.0
	Waste generation and disposal (hazardous and non-hazardous)		Data limitations	C2.2
	Plastic pollution: plastic footprint		Data limitations	C2.3
	Non-GHG air pollutants	As specified: Power Generation Pellet Operations	**Power Generation, other emissions to air:** Nitrogen oxides – Generation: 6,751 t Sulphur dioxide – Generation: 627 t Particulates – Generation: 523 t Sulphur hexafluoride – Generation: 0.01 t	C2.4
			Pellet Operations, other emissions to air: Nitrogen oxides – Pellet Production: 738 t Volatile Organic Compounds (VOCs) – Pellet Production: 894 t Particulates – Pellet Production: 752 t Carbon monoxide – Pellet Production: 1491 t	
	Wastewater Discharged		Data limitations	C2.1

Metrics

This page presents Drax's 2025 response to the **TNFD Core Global Metrics** on resource use and replenishment, covering water withdrawal and consumption in areas of water stress, as well as the quantity of high-right natural commodities sourced from land (biomass). These metrics reflect our commitment to transparently reporting on our areas of nature related dependencies and impacts related to our sectors of activity, including the certification of our biomass fibre supply chain.

Metrics table 3 – Core Global Metrics: Resource Use, Water Withdrawal and Quantity of High-Risk Natural Commodities

Driver of nature change	Indicator/Metric description	Scope	2025	Notes	TNFD Metric no.
Resource use/replenishment	Water withdrawal and consumption from areas of water scarcity	Group	Water withdrawn/abstracted from areas of water stress: 0 m3	Total volume of water from areas of "high" water stress, as classified by the WRI Aqueduct Water Risk Atlas (Aqueduct 4.0), baseline "water stress" indicator.	C3.0
		Group	Water consumed from areas of water stress: 482 m3	This metric considers water use across direct operations of Drax and sites classified in areas of baseline (current) "high water stress". The volume reported represents water use at our London office. A second site (BMM Energy facility) was also identified, however was deemed immaterial due to low volume of staff and associated water use.	
	Quantity of high-risk natural commodities sourced from land/ocean/ freshwater	Upstream value chain: Biomass sourcing	Quantity of biomass fibre source from land: 9.53 mt Quantity sourced under a certification programme (Sustainable Biomass Program claim): 9.53 mt	We categorised biomass fibre under the Science Based Targets Network (SBTN) High Impact Commodity List (HICL) category of Timber/roundwood[1].	C3.1
Invasive alien species	Placeholder: Measures against unintentional introduction of invasive alien species	Group	Drax implements operational practices to reduce the risk of introduction and/or spread of invasive species in collaboration with local partners.		C4.0

1 Science Based Targets Network (2023). High Impact Commodity List v1.

Metrics: State of Nature

In 2025, Drax participated in the State of Nature Metrics terrestrial piloting programme to test a draft set of state of nature metrics, led by the Nature Positive Initiative (NPI), which sought to build consensus around a set of credible indicators for measuring the state of nature.

As part of this pilot, we applied NPI's proposed draft metrics to the biomass sourcing catchment supplying the Drax LaSalle Pellet Mill in Louisiana, encompassing approximately a 60-mile radius around the Drax owned pellet plant. Drax does not own forested lands, nor operate forestry activities therefore we were applying nature positive metrics to the biomass supply chain. We were interested in how the NPI's proposed metrics could be applied in the forestry supply chain and what we could learn from other sectors and companies involved in the initiative.

We worked with NatureServe, North America's leading authority on biodiversity to apply the NPI methodology. Participating in the pilot enhanced our understanding of ways we could apply knowledge of **ecosystem extent** and **ecosystem condition** and **species extinction risk** in the Nature Positive Action Plans we are developing for our priority biomass sourcing regions as part of the Drax Sustainability Framework commitments.

Metrics table 4 – State of Nature Metrics

Driver of nature change	Indicator/Metric description	Scope	2025	TNFD Metric no.
State of nature	Placeholder: Ecosystem Condition and Species Extinction Risk	Group	Drax participated in the Nature Positive Initiative State of Nature metrics pilot programme. We continue to explore location specific measurement of state of nature and how this can inform efforts on corporate state of nature metrics.	C5.0

Metrics

This page presents Drax's 2025 response to the **TNFD Core Global Metrics** for nature-related risks and opportunities, including the value of assets vulnerable to transition and physical risks, significant fines and penalties, and capital expenditure deployed toward nature-positive outcomes. Where data and methodology limitations exist, we disclose the current status to maintain transparency and signal our commitment to exploring potential further data collection.

Metrics table 5 – Core Global Metrics: Nature-Related Risks and Opportunities

Category	Indicator/Metric description	Scope	2025	Notes	TNFD Metric no.
Risk	Value of assets, liabilities, revenue and expenses that are assessed as vulnerable to nature-related transition risks		Data and methodology limitations		C7.0
	Value of assets, liabilities, revenue and expenses that are assessed as vulnerable to nature-related physical risks		Data and methodology limitations		C7.1
	Description and value of significant fines/penalties received/litigation action in 2025 due to negative nature-related impacts	Group	Total nature-related fines: £ 0	We considered environment-related fines, penalties, litigation awards and settlements as "nature-related fines". There have been no environmental fines or penalties levied, and no litigation awards or settlements paid in 2025 for nature-related impacts.	C7.2
Opportunities	Amount of capital expenditure, financing or reinvestment deployed towards nature-related opportunities, by type of opportunity, with reference to a government or regulator green investment taxonomy or third-party industry or NGO taxonomy, where relevant		Data and methodology limitations		C7.3
	Increase and proportion of revenue from products and services producing demonstrable positive impacts on nature with a description of impacts.		Data and methodology limitations		C7.4

Metrics

This page presents Drax's 2025 response to the **TNFD Core Metrics for Electric Utilities and Power Generators**, covering our hydropower schemes and Drax Power Station. We disclose our management of environmental flows, sediment, and combustion products, while noting where data and methodology limitations exist. Between 2010 and 2018, Drax completed one of Europe's largest decarbonisation projects, converting four coal-fired units to sustainable biomass and transforming Drax Power Station into the UK's largest renewable power station. Today, Drax Power Station runs on sustainably sourced biomass, with coal units ceasing commercial operation in 2021. With this history, we have responded on biomass combustion residuals for EP.C2.0 and on historic coal operations for EP C2.1.

Metrics table 6 – Core Global Metrics: TNFD Guidance for Electric Utilities and Power Generators

Driver of nature change	Indicator/Metric description	Scope	2025	TNFD Metric no.
Land/freshwater/ ocean-use change	**Hydropower** - Environmental flow versus total flow	Hydropower	An abstraction limit is specified for each hydroelectric site within their Controlled Activities Regulations (CAR) licences, and this is regulated by the Scottish Environment Protection Agency (SEPA). In addition, compensation releases are delivered in accordance with our operations' CAR licences granted by SEPA and reported annually to the regulator.	EP.C1.1
	Hydropower - Quantity (tonnes) of sediment retired.	Hydropower	Drax has sediment management procedures in place for each hydroelectric site and undertakes regular sediment flushes. Reporting on sediment management is not required under Controlled Activities Regulations Licenses and we do not currently quantify this metric.	EP.C1.2
Pollution/pollution removal	**Thermal -** Volume (tonnes) of coal combustion products (CCPs) generated and proportion (%) that are recycled.	Drax Power Station	111,210t of Pulverised Fuel Ash (PFA) 206,694t of Furnace Bottom Ash (FBA) Total: 317,904t PFA 99,128t sales / 111,210t produced = 89.1% recycled FBA 18,983t sales / 206,694 t produced = 9.18% recycled Total: 37.15%	EP.C2.0
	Thermal - Total number of coal combustion residual (CCR) impoundments, broken down by hazard potential classification and structural integrity assessment.	Drax Power Station	Total combustion residual impoundments: 2 Drax Power Station operates two ash lagoons used to manage biomass combustion ash. No equivalent UK hazard-potential classification applies to the lagoons; associated risks are managed through Drax's internal risk-management processes. The lagoons are subject to regular civil asset inspections and geotechnical assessment.	EP.C2.1
TNFD EP.C2.0 and EP.C2.1 originate from coal combustion residual metrics. Drax has applied these metrics to relevant biomass combustion products and associated ash-management infrastructure at Drax Power Station, reflecting the site's current biomass operations.				

Metrics

This page presents Drax's 2025 response to the **TNFD Additional Sector Guidance Forestry, Pulp and Paper and Selected Core Additional Metrics** focusing on biomass sourcing. We disclose the proportion of suppliers screened, third-party certification rates (including SBP claims), traceability to original location, and the quantity of high-risk natural commodities sourced that are demonstrated deforestation and conversion-free with Sustainable Biomass Programme claims.

Metrics table 7 – Additional Sector Guidance: Forestry, Pulp and Paper and Selected Core Additional Metrics

Category	Indicator/Metric description	Scope	2025	TNFD Metric no.
Dependency, impact, risk and opportunity management - Value Chain	Proportion of suppliers screened on nature-related issues, by spend and/or volume	Upstream value chain: Biomass sourcing	100% of biomass suppliers. Nature is within the scope of supplier assessments and certification.	A22.0
Dependency, impact, risk and opportunity management - Value Chain	Credible and transparent third-party certification: percentage and /or value of production, consumption and sourcing of raw materials, per certification type.	Upstream value chain: Biomass sourcing	Proportion of woody biomass consumed at Drax Power Station with SBP Compliant claim: 99.95(1) % Proportion of woody biomass pellets produced and sold with an SBP compliant claim – Pellet Production: 96.96 %	A22.2
Dependency, impact, risk and opportunity management - Value Chain	Proportion of production, consumption and sourcing of raw materials that is traceable to original location.	Upstream value chain: Biomass sourcing	Biomass: 100% traceable to country or supranational jurisdiction (European Union) of origin.	A22.3
Response - Dependency, impact, risk and opportunity management: Value chain	Quantity of high-risk natural commodities (tonnes) sourced from land/ocean/freshwater, split into types, that are demonstrated deforestation and conversion-free.	Upstream value chain: Biomass sourcing	Total Biomass Sourced by Drax Group (2025): 9.53 million tonnes with Sustainable Biomass Program claims	FP.A22.1

(1) Limited external assurance by Bureau Veritas using the assurance standard ISAE 3000. For assurance statement see https://www.drax.com/sustainability

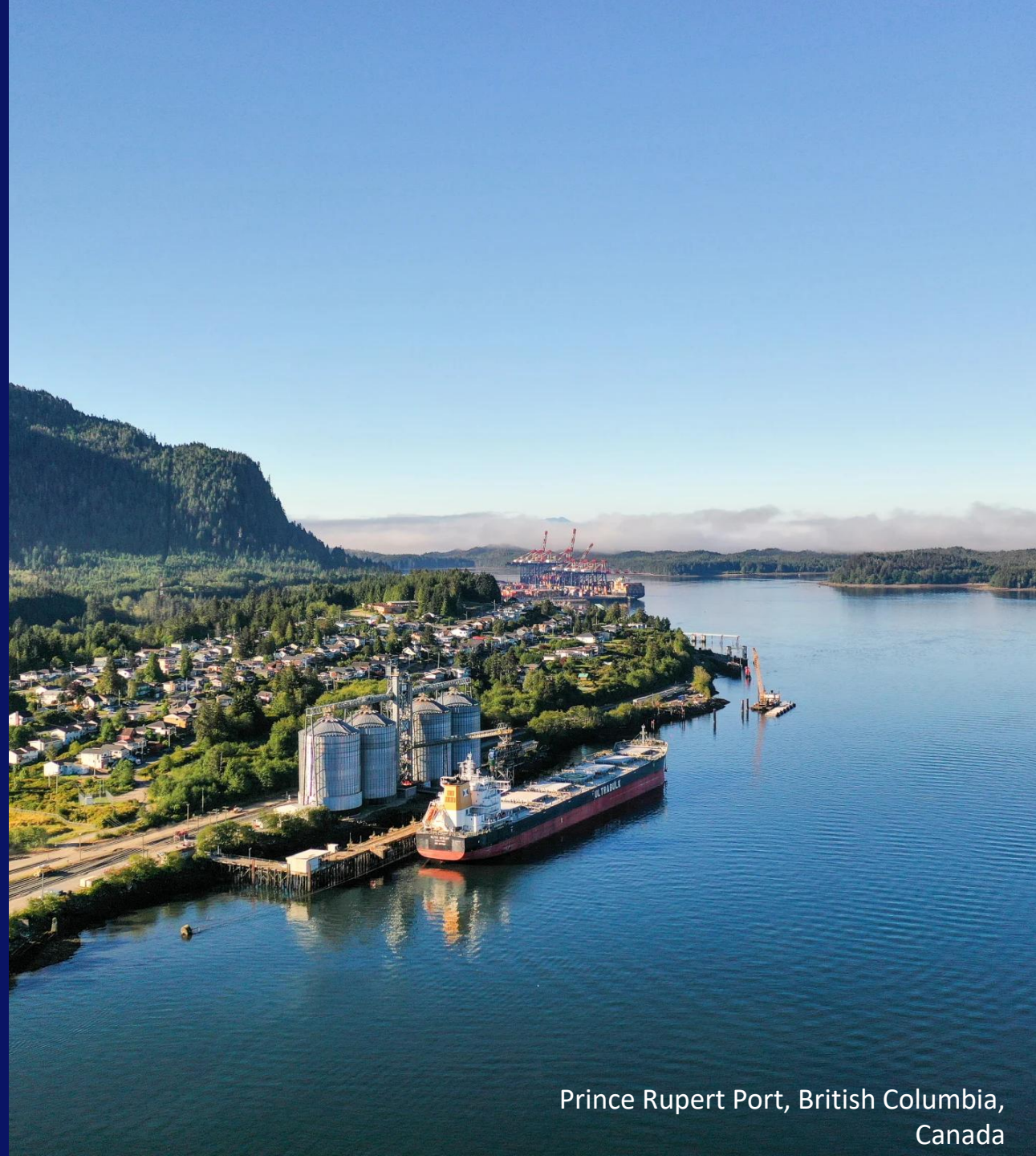
Metrics

This page presents Drax's 2025 response to the **TNFD Additional Global Disclosure Metrics** for responses to nature-related issues, covering market opportunities, green finance instruments, stakeholder engagement, nature action plans, and investment in community development programmes. These metrics reflect our progress on nature-related governance, strategy, and risk management, including our continued development of nature Positive Action Plans informed by TNFD LEAP assessments.

Metrics table 8 – Additional Global Disclosure Metrics for Responses to Nature-Related Issues

Category	Indicator/Metric description	Scope	2025	TNFD Metric no.
Opportunity - Market	Year-on-year change in ESG rating scores for previous three years.	Group	CDP Climate – 2023 A-, 2024 A-, 2025 A CDP Forests - 2023 B, 2024 A-, 2025 A MSCI – 2023 A, 2024 A, 2025 A Sustainalytics – 2023 23.5, 2024 22, 2025 20.7	A15.0
Opportunity - Capital flow and financing	Value of green finance instruments used, such as green bonds and sustainability-linked bonds.	Group	Principal value of Drax drawn Sustainability-linked loan facility: £261.4m.	A16.0
Strategy - Engagement	Sites that have active engagement with local stakeholders on nature-related issues	Group	Engagement with the communities in which we operate is integral to how Drax builds constructive relationships, understands local perspectives, and identifies opportunities to contribute positively to local economic and social outcomes, and we continue to develop Community Engagement Plans in each of the communities where Drax owns and operates an asset.	A20.0
Dependency, impact, risk and opportunity management	Proportion of sites producing and effectively implementing nature action plans	Group	We continued to develop Nature Positive Action Plans using information developed in our TNFD 'Locate, Evaluate, Assess & Prepare' (LEAP) assessments based on the TNFD definition of Nature Action Plan. We developed a first plan for Drax Power Station and for Cruachan, identifying priority nature-related dependencies, impacts, risks and opportunities, and informing where to focus our nature positive actions.	A 23.0
	Value of investment in nature-related community development programmes intended to enhance positive impacts for Indigenous Peoples	Group	£243,323	A 24.3

Glossary, Acronyms and Abbreviations



Prince Rupert Port, British Columbia, Canada

Glossary

Term	Definition
Biodiversity	According to Article 2 of the Convention on Biological Diversity (CBD), "biological diversity" means the variability among living organisms from all sources, including land, water, and other aquatic ecosystems, as well as the ecological complexes they are part of. This includes diversity within species (genetic diversity), between species (species diversity, and of ecosystems (ecosystem diversity).
Dependencies (on nature)	The aspect of nature and ecosystem services that an organisation relies on to operate and generate value. Dependencies may include water availability, climate regulation, pollination, or soil health (adapted from TNFD Glossary, 2023). Disruption to these ecosystem services can create financial risks for the organisation.
Double materiality	A principle that sustainability matters are considered material from a financial perspective (their potential to affect the organisation's financial performance, position, or development) or from an impact perspective (the organisation's actual or potential impacts on the environment or society). Under the double materiality approach, organisations consider both perspectives in identifying which sustainability matters and topics are material and therefore subject to further disclosure (adapted from PwC).
Ecosystem Services	The contributions of ecosystems to the benefits that are used in economic and other human activity [Reference: UN SEEA] These include provisioning services (e.g., timber, water), regulating services (e.g., flood mitigation, climate regulation), supporting services (e.g., soil formation, nutrient cycling), and cultural services (e.g., recreation, spiritual value).
Free, Prior and Informed Consent (FPIC)	A specific right of Indigenous Peoples recognised in the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). FPIC is the right of Indigenous Peoples to give or withhold their consent to any project or activity that may affect their rights, land, resources, territories, livelihoods and food security. It requires that consent is sought in good faith, without coercion, and with sufficient time and information for informed decision making.
Impacts (on nature)	The positive or negative effects an organisation has in nature and ecosystems through its activities (adapted from TNFD Glossary, 2023). Impacts may arise at any stage of the value chain and can be direct (operational) or indirect (upstream or downstream).
Integrated Biodiversity Assessment Tool (IBAT)	The Integrated Biodiversity Assessment Tool is a decision-support tool that provides biodiversity data to support assessment and disclosure. IBAT integrates data on World Database on Protected Areas, Key Biodiversity Areas (KBAs), and IUCN Red List [Reference: IBAT]
International Union for Conservation of Nature (IUCN)	A global network of government and civil society organisations dedicated to conserving nature and the sustainable use of resources. [Reference: IUCN]
Kunming-Montreal Global Biodiversity Framework	Signed at COP15 in 2022, this framework sets out a pathway to the goal of living in harmony with nature by 2050, including 4 goals for 2050 and 23 ambitious targets for 2030. [Reference: Kunming-Montreal Global Biodiversity Framework]

Glossary

Term	Definition
LEAP Approach	An assessment framework for the identification and assessment of nature-related issues developed by TNFD. It stands for Locate, Evaluate, Assess, and Prepare. [Reference: TNFD]
Material location	Locations where an organisation has identified material nature- related dependencies, impacts, risks and opportunities in its direct operations and upstream and downstream value chain(s) [Reference: TNFD]
Nature Assessment	An analysis carried out by Drax to help understand the state of the biomes we interact with, the location of any high importance site in the vicinity of our operations, our potential impacts, risks and dependencies in each location, and the opportunities we have to protect and enhance nature
Nature Positive	Halting and reversing nature loss by 2030 on a 2020 baseline and achieving full recovery by 2050. [Reference: Nature Positive Initiative (NPI) definition What is Nature Positive?, quoted by IUCN]
Nature Positive Action Plan	Prepared by Drax and informed by our Nature Assessments, these outline specific nature-related actions to be undertaken for all Drax's owned sites and priority biomass sourcing regions.
Priority Location	A site within our direct operations or value chain that meets one or more established criteria for being a material location and/or sensitive location [Reference: TNFD]
Science Based Targets Network (SBTN)	The Science Based Targets Network is a civil-society and science-led initiative developing science-based targets for nature both for companies and cities to address environmental impacts across biodiversity, land, freshwater and ocean, in addition to climate [Reference: Science Based Targets Network].
Sensitive location	Locations where the assets and/or activities in its direct operations – and, where possible upstream and downstream value chain(s) – interface with nature in: Areas important for biodiversity; and/or Areas of high ecosystem integrity; and/or Areas of rapid decline in ecosystem integrity; and/or Areas of high physical water risks; and/or Areas of importance for ecosystem service provision, including benefits to Indigenous Peoples, Local Communities and stakeholders [Reference: TNFD].
Sustainable Biomass Program (SBP)	The Sustainable Biomass Program (SBP) is a certification system designed for biomass used across energy, transport, construction, industrial applications, and carbon removal sectors to demonstrate that the biomass is both legally and sustainably sourced and that, as a minimum, it meets the relevant regulatory requirements, as well as to calculate life-cycle greenhouse gas emissions. [Reference: SBP].
Taskforce on Nature-related Financial Disclosures (TNFD)	A market-led, science-based and government-supported global initiative that provides recommendations and guidance to organisations on a risk management and disclosure framework to act on evolving nature-related dependencies, impacts, risks and opportunities. [Reference: The Taskforce on Nature-related Financial Disclosures]

Acronyms and Abbreviations

Acronym	Meaning
BECCS	Bioenergy with Carbon Capture and Storage
BESS	Battery Energy Storage System
BII	Biodiversity Intactness Index
BNG	Biodiversity Net Gain
BSIF	Bluefield Solar Income Fund
CAR	Controlled Activities Regulations
CCP	Coal Combustion Product
CCR	Coal Combustion Residual
CDP	Carbon Disclosure Project
CfD	Contract for Difference
DES	Drax Energy Solutions
DIRO	Dependencies, impacts, risks and opportunities
DPS	Drax Power Station
ENCORE	Exploring Natural Capital Opportunities, Risks and Exposure
ESG	Environmental, Social and Governance
ESOS	Energy Savings Opportunity Scheme
ExCom	Executive Committee
FBA	Furnace Bottom Ash
FlexGen	Flexible Generation and Energy Solutions
FPIC	Free, Prior and Informed Consent
FSC	Forest Stewardship Council
GHG	Greenhouse gas
HICL	High Impact Commodity List
IAG	Independent Advisory Group
IBAT	Integrated Biodiversity Assessment Tool
ILO	International Labour Organization
INNS	Invasive non-native species

Acronym	Meaning
IPBES	Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services
ISAE	International Standard on Assurance Engagements
ISIC	International Standard Industrial Classification of All Economic Activities
IUCN	International Union for Conservation of Nature
KBA	Key Biodiversity Area
LEAP	Locate, Evaluate, Assess and Prepare
NPI	Nature Positive Initiative
OCGT	Open-Cycle Gas Turbine
OECM	Other Effective Area-based Conservation Measure
PAIR	Partnership Accreditation in Indigenous Relations
PEFC	Programme for the Endorsement of Forest Certification
PFA	Pulverised Fly Ash
PML	Power Minerals Limited
SBP	Sustainable Biomass Program
SBTN	Science Based Targets Network
SCM	Supplementary Cementitious Material
SEPA	Scottish Environment Protection Agency
SFI	Sustainable Forestry Initiative
TCFD	Taskforce on Climate-related Financial Disclosures
TNFD	Taskforce on Nature-related Financial Disclosures
UDHR	Universal Declaration of Human Rights
UNDRIP	United Nations Declaration on the Rights of Indigenous Peoples
VOC	Volatile Organic Compound
WBCSD	World Business Council for Sustainable Development
WDPA	World Database on Protected Areas
WRI	World Resources Institute
WWF	World Wildlife Fund for Nature