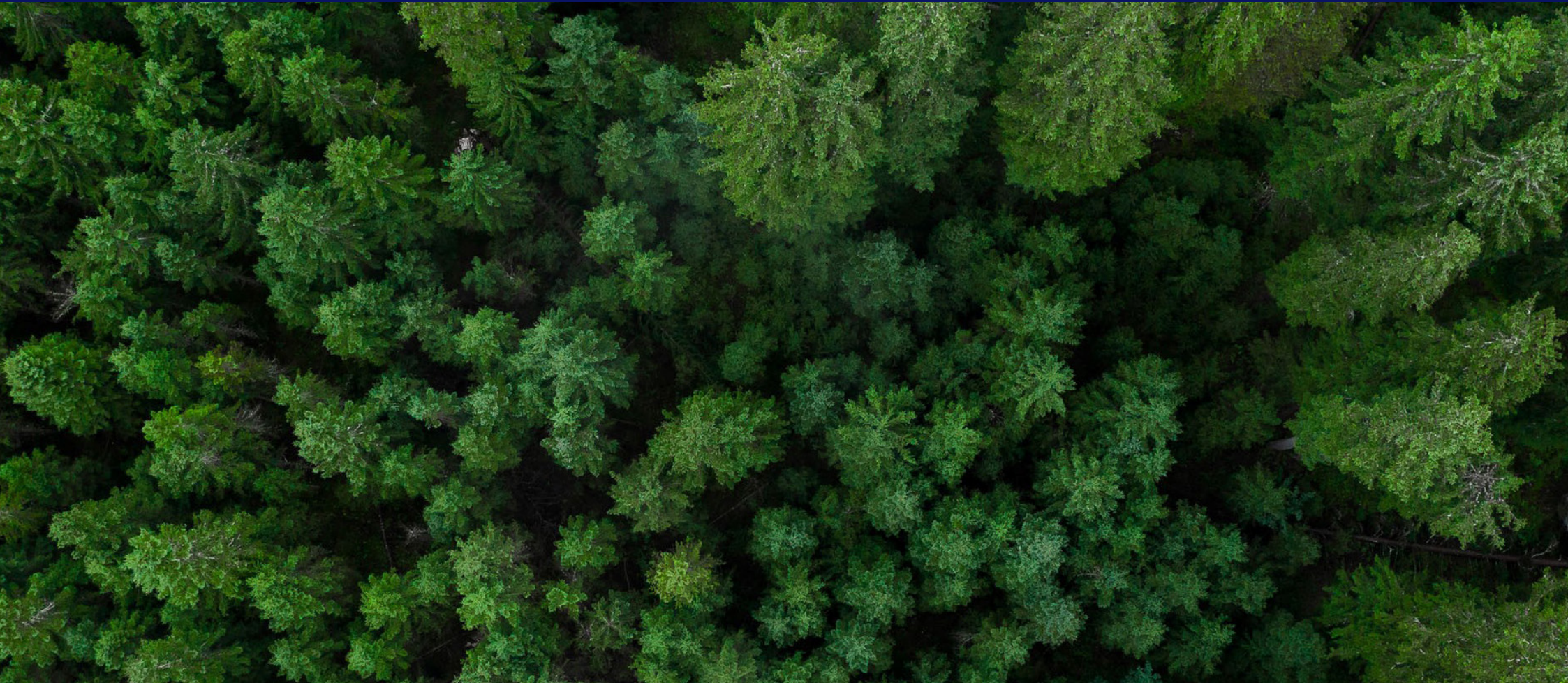


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Drax Climate Policy



Foreword

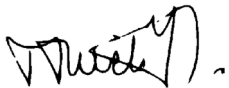
Tackling climate change is at the heart of our purpose: to enable a zero carbon, lower cost energy future.

Over the last decade, we've transformed from being one of the largest coal-fired power generators in western Europe to becoming the UK's largest single site renewable electricity generator. Drax Power Station also represents Europe's largest decarbonisation project.

We recognise the scale of the challenge that climate change represents and the pivotal role that businesses must play in tackling it. That's why we announced our ambition to become carbon negative by 2030. By pioneering bioenergy with carbon capture and storage (BECCS) technology, we aim to remove more carbon from the atmosphere than we emit. This will help the UK – and the world – achieve its climate change targets.

We're committed to managing and disclosing climate change risks and opportunities in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We disclose against the four TCFD recommendations in our annual report and accounts, and respond to the CDP Climate Change Questionnaire each year.

This policy outlines how Drax integrates the effective management of climate related risks and opportunities into everyday decision-making and the delivery of our business strategy.



Will Gardiner
Group CEO



“ Our purpose – to enable a zero carbon, lower cost energy future – means we'll play a leading role in the UK's journey to a net zero economy. ”

1

Strong governance – embedding climate change in decision-making at all levels of the business

Our governance framework supports effective decision-making and the delivery of our strategy. A core component of this framework is the impact of our practices upon climate change.

The CEO oversees and ensures that Drax effectively implements the business strategy, and reports quarterly to the Board on Environment, Social and Governance (ESG) performance. These reports include a section from our Group Director of Sustainability to update the Board on climate-related matters and the company's progress towards our 2030 carbon negative ambition. In addition, the Director of Sustainability reports on the progress of the climate plan at least quarterly to the Executive Committee, and at least annually to the Board.

Our [Independent Advisory Board](#) provides independent advice on sustainable biomass and its role in our decarbonisation.

We report on climate-related matters within our annual report and accounts and measure performance within our corporate scorecard. We use this scorecard to assess executive performance and remuneration.



2 Strategy – a purpose, plan, and ambition that places climate change at the heart of what we do

Our purpose – to enable a zero carbon, lower cost energy future – informs the three pillars of our strategy, to become:

1. A global leader in sustainable biomass pellets
2. A global leader in negative emissions
3. A UK leader in dispatchable, renewable generation

Our strategy is complemented by an ambition to be a carbon negative company by 2030. We'll do this by delivering carbon removals in excess of emissions within our direct business operations through deployment of bioenergy with carbon capture and storage (BECCS). In doing so, we'll support the UK Government and other businesses to achieve net zero carbon emissions.

To ensure we continue to align ourselves with science, our decarbonisation strategy aligns with Intergovernmental Panel on Climate Change (IPCC) scenarios to limit global warming to a maximum of 1.5°C above pre-industrial levels with low or no overshoot and considers the necessary role of bioenergy and BECCS in delivering credible decarbonisation pathways.

We remain committed to reducing all our remaining emissions as far as possible across the full footprint of the business. We've set greenhouse gas (GHG) reduction targets across Scopes 1, 2 and 3 for 2030, as we describe in section 4 of this policy statement.

1. A global leader in sustainable biomass pellets

Drax believes that the global market for sustainable biomass will grow significantly, creating opportunities for sales to third parties in Asia and Europe, BECCS, generation and other long-term uses of biomass. Delivery of these opportunities is supported by the expansion of the Group's biomass pellet production capacity.

2. A global leader in negative emissions

Subject to the right regulatory environment, Drax plans to transform Drax Power Station into the world's biggest carbon capture project using BECCS to permanently remove 8Mt of CO₂ emissions from the atmosphere each year by 2030. The project is well developed, the technology is proven and an investment decision could be taken in 2024 with the first BECCS unit operational in 2027 and a second in 2030, subject to the right investment framework.

3. A UK leader in dispatchable, renewable generation

The UK's plans to achieve net zero by 2050 will require the electrification of heating and transport systems, resulting in a significant increase in demand for electricity. Drax believes that over 80% of this could be met by intermittent renewable and inflexible low-carbon energy sources – wind, solar and nuclear. However, this will only be possible if the remaining power sources can provide the dispatchable power and non-generation system support services the power system requires to ensure security of supply and to limit the cost to the consumer.



3 Risk management – integrating climate-related risks into our company-wide risk management approach

The Board is responsible for determining risk appetite and ensuring the effectiveness of risk management and internal controls across the company.

Our company-wide approach to risk management, defined by the Group Risk Management Policy, encompasses the assessment and management of climate-related risks. We therefore assess climate change as a principal risk category. A member of the Executive Committee owns the climate change principal risk, and the Executive Committee also reviews it annually. We make and present an analysis of all principal risk categories, including Climate Change, to the Executive Committee twice a year.

We disclose key climate risks and mitigations in our [annual report and accounts](#).

4 Metrics and targets – achieving our ambition to become carbon negative by 2030

We'll achieve our ambition by using technologies such as BECCS, and by identifying emissions reduction and efficiency projects.

We're committed to the Science Based Targets initiative for external assurance that our target is aligned with climate science. On this basis, we've submitted the following targets for validation set against a 2020 baseline:

- 75.7% reduction in scope 1 and 2 emissions from electricity generation by 2030
- 42% reduction in non-generation scope 1 and 2 emissions by 2030
- 42% reduction in scope 3 emissions by 2030

We'll also make sure that our targets align with UK carbon budgets and IPCC scenarios to limit global warming to 1.5°C above pre-industrial levels, with low or no overshoot.

We measure and disclose our scope 1, 2 and 3 greenhouse gas emissions. We monitor our business performance in other key climate areas such as waste, water, and biodiversity. And we disclose data on our key metrics in our [annual report and accounts](#).

