Drax Group Holdings Limited

Companies Act, Section 172 statement

The directors have a duty to promote the success of the Company, having regard to a range of matters and stakeholders. The Board recognises that decisions taken today will shape both the longer-term performance of the business and its impact on our various stakeholders, and therefore factors in the long-term impact on stakeholders during decision making.

The Board is responsible for engagement with a range of stakeholders and believes that considering the interests of our stakeholders in key business decisions is fundamental to the ability of the Company and the Drax Group plc group of companies (the "Group"), to deliver sustainable value creation. This consideration enables the Company and the Group to have a positive impact on the environment, our communities and wider society over the longer term.

A comprehensive list of stakeholders identified across the Group, and how we engage with them and have regard to their interests, can be found from pages 40 to 45 in the 2020 Drax Group plc Annual report and accounts. Examples of some of the Company's key stakeholders include:

Workforce

One of the Company's key stakeholders is our workforce. Engaging with the workforce enables employees to be better informed and able to contribute to the delivery of our purpose and strategy, whilst creating a safe and engaging culture and environment where our employees feel valued, respected and listened to. We want all employees to feel they can grow, develop and make a meaningful contribution to our strategy, purpose and communities, whilst building resilience to cope with the context in which we are operating.

We maintain regular dialogue with our workforce through our employee engagement ("My Voice") forums, colleague briefings, weekly updates and Q&A from our CEO and our pulse and annual engagement surveys.

The My Voice forums are made up of members nominated by colleagues from the Group and meet formally each quarter. The chairs of each forum, across the Group, come together quarterly to discuss workforce issues across the business, and discuss topics where workforce feedback has been sought. The chairs then meet with the Chair of the Drax Group plc Board of Directors and the CEO to discuss the key issues raised, with feedback from these meetings then shared with all forum members.

Matters discussed during 2020 include diversity and inclusion, how effectively our Covid-19 response was communicated, colleague wellbeing in lockdown, and how colleagues would prefer to work in future. We listened to and acted on colleague feedback - we introduced flexible working policies including working from home policy and guidance, developed our diversity and inclusion strategy, developed and delivered plans to further support colleague wellbeing including: a dedicated intranet resource; Mental Health Awareness training for managers; building resilience e-learning for all colleagues; raising further awareness of existing wellbeing benefits available and a step challenge to encourage physical fitness and (virtual) social connection, and creating a dedicated intranet resource to clarify the latest guidance and information about Covid-19.

Our dialogue with employees also includes regular communication about the Company's, and the Group's, strategy, plans and performance. During 2020, communications included updates about progress against the Group-wide scorecard, which includes KPIs in relation to financial, strategic, safety and sustainability performance. Annual bonuses for employees are linked to the scorecard performance, ensuring that employee reward and Group performance are aligned. We actively encourage employee participation in the Group-wide all-employee Sharesave scheme, offering the maximum discount of 20% and waiving any length of service requirements. During 2020, more than half of all UK employees across the Group participated in a Drax Sharesave scheme.

Shareholders

Our ultimate Parent Company is Drax Group plc and therefore we act in the best interests of our immediate and ultimate Parent Companies and, in doing so, in the best interest of the investors and shareholders of the Group. This ensures that the interests of all relevant stakeholders, and the need to act fairly between members of the Company, are considered during decision-making.

Drax engages with shareholders through a wide range of channels including our website, Drax AGM, full-year and half-year results. We also have an ongoing programme of investor relations meetings. Reflecting feedback from investors, in 2020 we continued to develop our programme of ESG reporting.