

SECTION 172 STATEMENT

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 is responsible for ensuring effective engagement with stakeholders and recognises that decisions taken today will shape both the longer-term performance of the business and its impact on our various stakeholders. This consideration enables the Company to have a positive impact on the environment, our communities, and wider society, delivering sustainable value creation.

Examples of how the Board have had regard to the matters set out in Section 172 are set out below.

Comprehensive details in respect of stakeholders identified across the Drax Group, and how we engage with them and have regard to their interests, can be found from page 34 to 41 in the Drax Group plc 2021 Annual Report and Accounts.

The likely consequences of any decision in the long term

Our purpose is to enable a zero carbon, lower cost energy future. With multi-year time horizons for many of our strategic decisions, we recognise that those decisions can have an impact far beyond our business and into the future. The Company supports the long-term strategy of the Drax Group: to be a global leader in sustainable biomass pellets; to be a global leader in negative emissions; and to be a UK leader in dispatchable, renewable generation.

The interests of the Company's workforce

Engaging with the workforce enables colleagues 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 they can feel valued, respected and heard. We want all colleagues to feel they can grow, through being enabled to realise their goals, and make a meaningful contribution to our strategy, purpose and communities, whilst building resilience that equips them to respond to the change that is a feature of the Group's activities.

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

Our colleague My Voice Forums continue to be a key part of our listening strategy. The forums consistently provide us with a view of colleague sentiment and key topics that are on colleagues' minds. Following feedback from both the My Voice forums and other colleague interactions more broadly, during 2021 we reviewed our UK family friendly policies in line with our diversity and inclusion agenda; and successfully ran a pilot Mental Health First Aider programme which we are rolling out across the business. Another key focus area that was highlighted was career and development opportunities. In response, we delivered a range of interactive e-learning sessions designed to support career development – including how to have career conversations and make a career plan.

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Our dialogue with colleagues also includes communication about the Group's strategy, plans and performance. During 2021, 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 colleagues are linked to the scorecard performance, ensuring that employee reward and Group performance are aligned. We actively encourage participation in the Group-wide all-employee Sharesave scheme, offering the maximum discount of 20% and waiving any length of service requirements.

The need to foster the Company's business relationships

Our Procurement, Business Ethics, and Sustainability functions engage directly with suppliers around key issues. This is to ensure our ethics and values are effectively incorporated into and upheld throughout our supply chains. We seek the views of suppliers and contractors to collaborate on improvements in standards and meeting our (and their) obligations under law and regulations in keeping with our values.

The desirability of the Company maintaining a reputation for high standards of business conduct

At Drax, we are committed to conducting business ethically, with honesty and integrity, and in compliance with all relevant laws and regulations. We do not tolerate any form of bribery, corruption, human rights abuse, or other unethical business conduct.

Our business ethics compliance framework identifies the behaviours expected from colleagues on a broad range of topics. In 2021, we deployed new annual refresher eLearning which included data protection and ethics. For more details on how the business ethics programme is managed across the Drax Group, see pages 61 to 63 of the Drax Group plc 2021 Annual report and accounts.

The need to act fairly as between members of the Company

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 Drax 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.

This statement was approved by the Board on 9 September 2022 as part of the Company's 2021 Annual Report and Accounts.